

ORIGINAL
aps



0000137629

JOHNSON
airs Supervisor

State Regulation

Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-2661
Jeffrey.Johnson@aps.com

RECEIVED

2012 JUN 29 P 1:17

June 29, 2012

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUN 29 2012

RE: APS/Pinnacle West Communications with Credit Rating Agencies
Docket No. E-01345A-08-0172

DOCKETED BY

JM

Attached please find copies of Arizona Public Service Company ("APS") and Pinnacle West's past communications with credit rating agencies pursuant to Decision No. 70667:

Arizona Public Service Company shall file all currently existing communications within 10 days of the effective date of this Decision and shall file future communications on a monthly basis. The first such monthly report shall be due on February 1, 2009, and the monthly filings shall continue until the conclusion of Arizona Public Service Company's general rate case. Thereafter, Arizona Public Service Company shall make such filings on a six month basis, with the first filing due by January 1, 2010.

This filing covers the communications with rating agencies from December 28, 2011 through June 20, 2012. If subsequent communications occurred between June 20, and July 1, 2012, they will be provided in a supplemental filing.

Pursuant to Commission Decision No. 73183, this reporting requirement is eliminated as of July 1, 2012.

If you have any questions regarding this information, please contact me at (602)250-2661.

Sincerely,

Jeffrey W. Johnson

JJ/cd
Attachment

cc: Steve Olea (unredacted)
Brian Bozzo (unredacted)
Terri Ford (unredacted)

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Nickloy, Lee R
Sent: Wednesday, May 02, 2012 4:15 PM
To: 'Daniel.Neama@fitchratings.com'
Cc: Sarti, Daniel
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

We are working on updated projections for you now and should be able to get something to you early next week. Please let me know if that doesn't meet your timing needs and we can adjust.

Thanks
Lee

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R
Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

Good afternoon Lee,

As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Nickloy, Lee R
Sent: Thursday, May 03, 2012 9:38 AM
To: 'Moss, Mitchell'
Subject: Meeting on Monday?

Mitchell,

Just following-up on our prior conversation. Did you still want to meet Monday afternoon when you are in Phoenix? If so, is there a particular time you had in mind?

Lee

Lee R. Nickloy
Vice President and Treasurer
PINNACLE WEST CAPITAL CORPORATION
ARIZONA PUBLIC SERVICE COMPANY
400 North 5th Street, MS 9040
Phoenix, AZ 85004
ph: 602-250-3300
Lee.Nickloy@pinnaclewest.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Thursday, May 03, 2012 11:01 AM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

Lee,
How far are you from RUCO offices? I need to see how long the drives are.

Mitchell

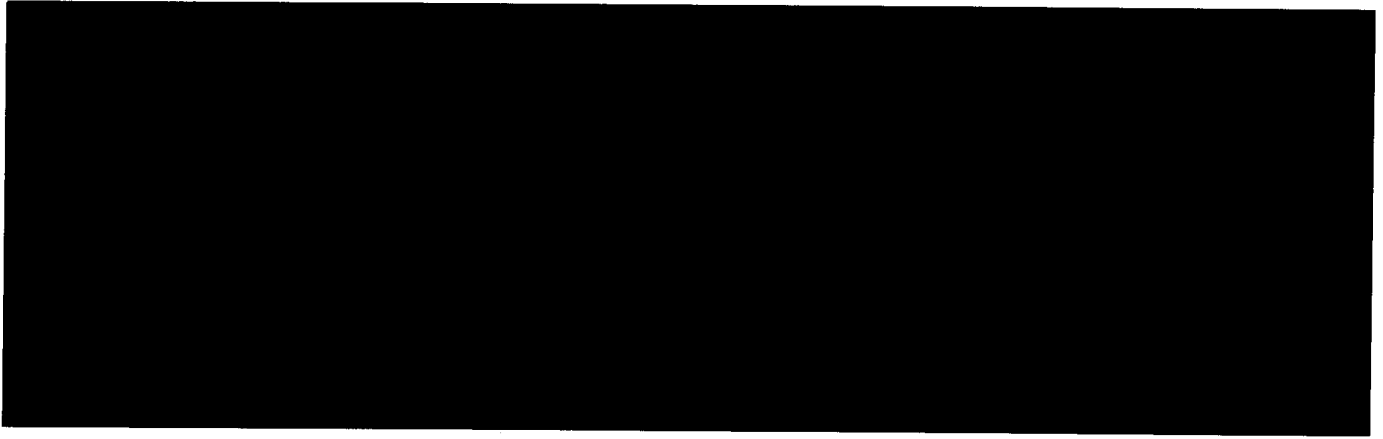
From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Thursday, May 03, 2012 12:38 PM
To: Moss, Mitchell
Subject: Meeting on Monday?

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Vice President and Treasurer
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To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Nickloy, Lee R
Sent: Thursday, May 03, 2012 11:34 AM
To: 'Moss, Mitchell'
Subject: RE: Meeting on Monday?

They are about 5 minutes from our office

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Thursday, May 03, 2012 11:01 AM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

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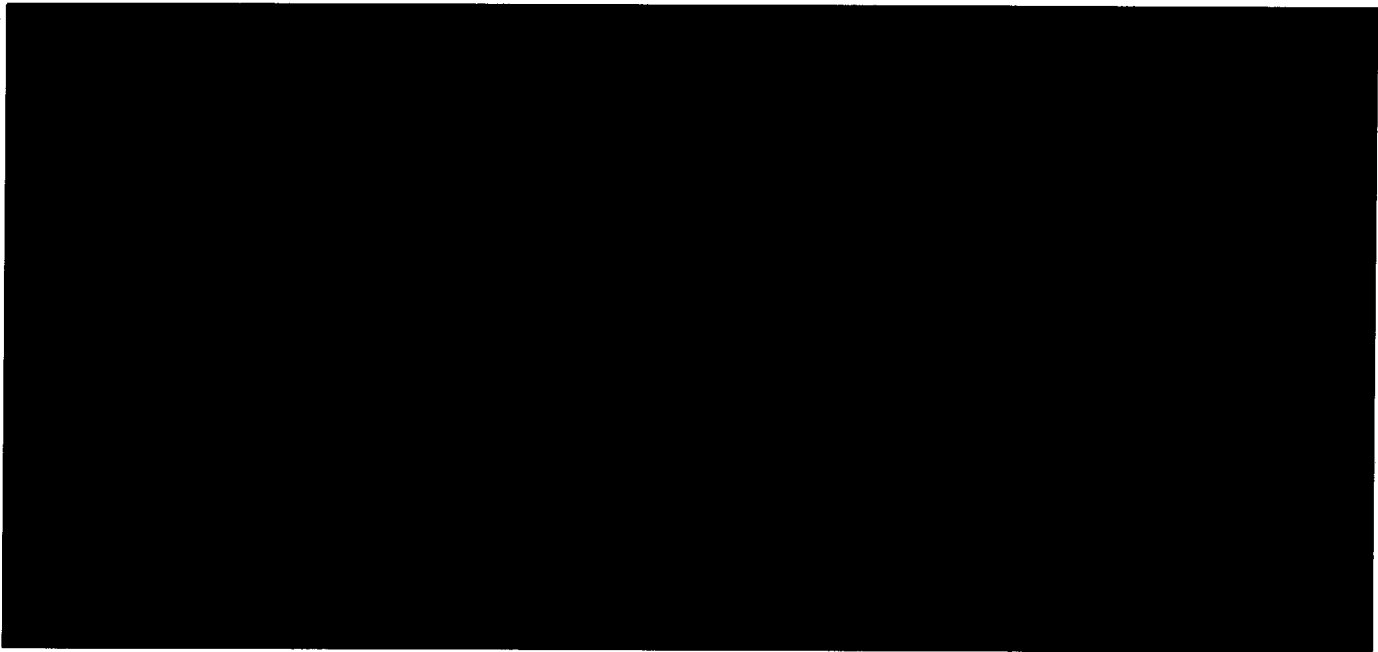
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Lee.Nickloy@pinnaclewest.com



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From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Thursday, May 03, 2012 3:19 PM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

Lee,
I have a meeting at the ACC from 3-4 pm. Can we meet afterwards?

Mitchell

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
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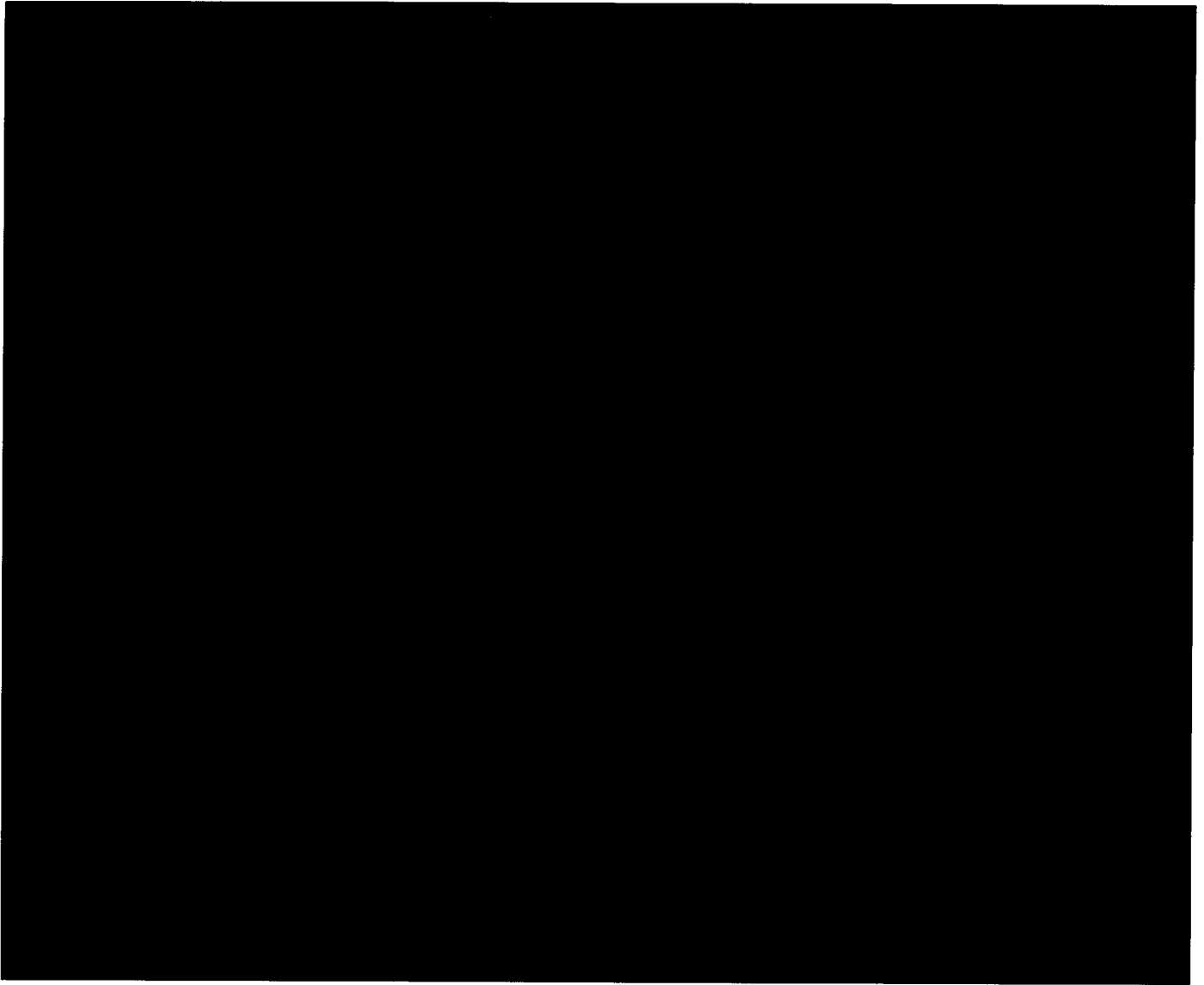
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From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Nickloy, Lee R
Sent: Thursday, May 03, 2012 4:07 PM
To: 'Moss, Mitchell'
Subject: RE: Meeting on Monday?

Mitchell,

That works, let's call it 4:15, we aren't that far from the ACC. Our building is identified as "APS" and is in the Arizona Center. The street address is 400 N. 5th Street. Just ask for me at the reception desk in the main lobby.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Thursday, May 03, 2012 3:19 PM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

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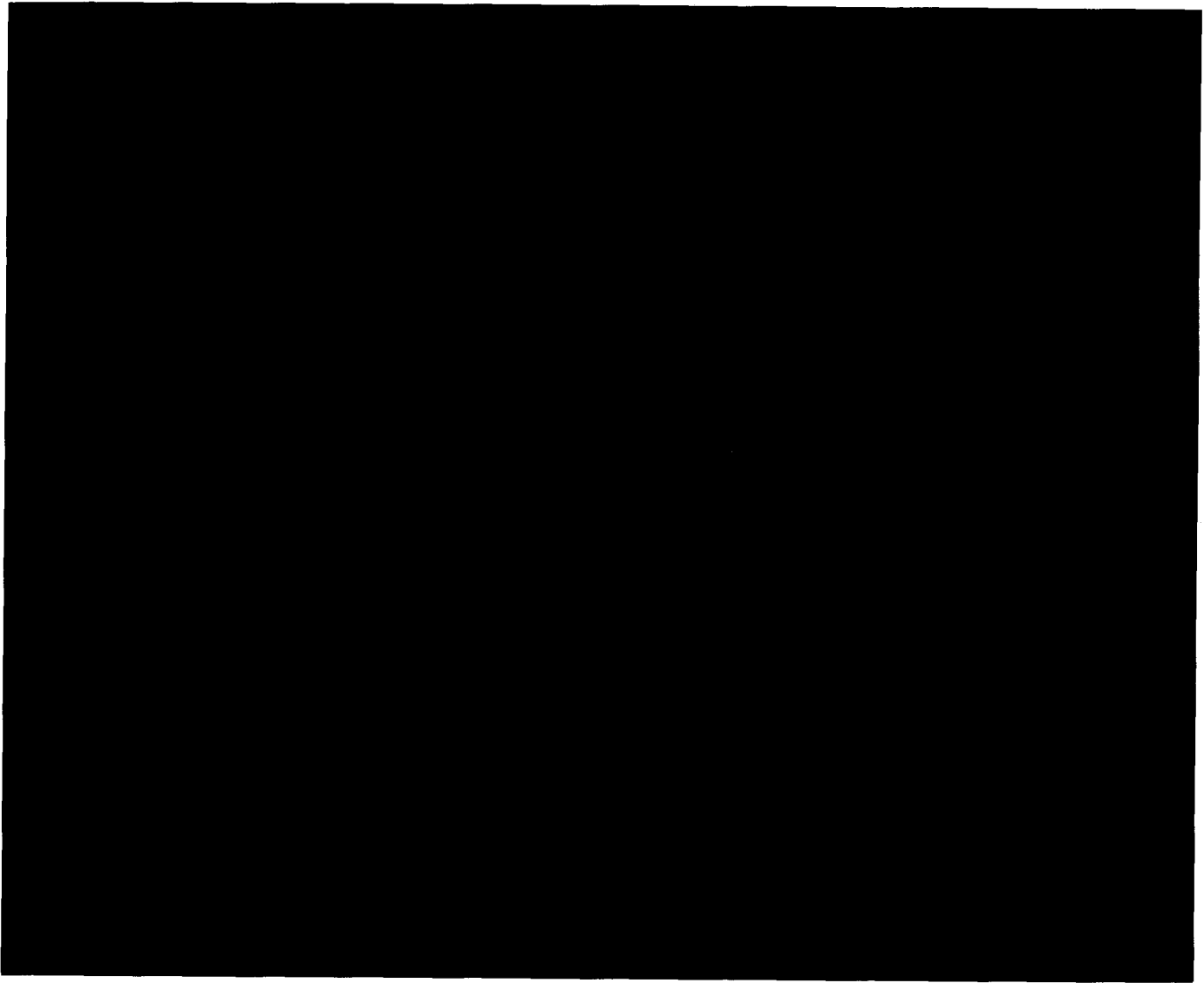
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400 North 5th Street, MS 9040
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ph: 602-250-3300
Lee.Nickloy@pinnaclewest.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Friday, May 04, 2012 9:49 AM
To: Nickloy, Lee R
Subject: RE: PNW and APS- Updated Financial Projections

Good afternoon Lee,

Sounds good. Early next week should be fine but the earlier the better. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Lee.Nickloy@PinnacleWest.com>
To: <Daniel.Neama@fitchratings.com>
Co: <Daniel.Sarti@pinnaclewest.com>
Date: 05/02/2012 07:16 PM
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

We are working on updated projections for you now and should be able to get something to you early next week. Please let me know if that doesn't meet your timing needs and we can adjust.

Thanks

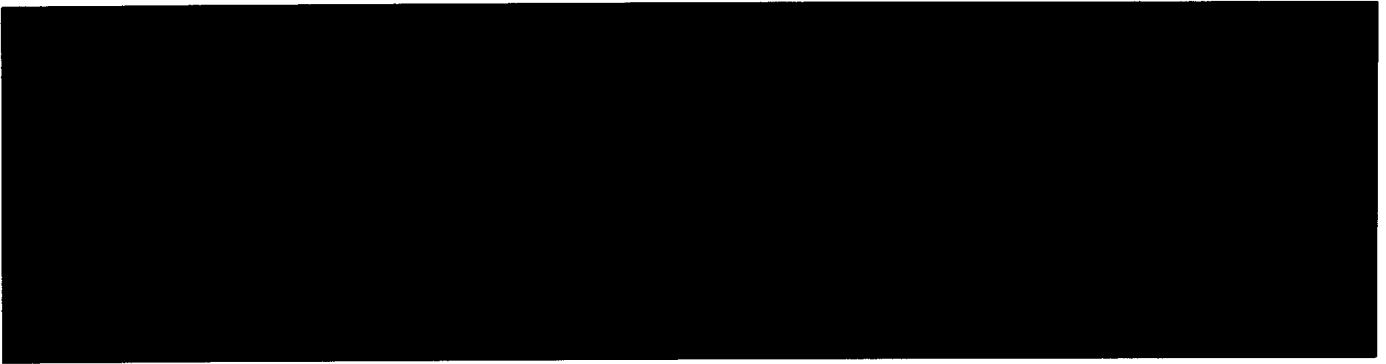
Lee

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R
Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

Good afternoon Lee,

As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA

Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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& POOR'S
RATINGS SERVICES**
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Nickloy, Lee R
Sent: Friday, May 04, 2012 4:39 PM
To: 'Ferguson, Michael'
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

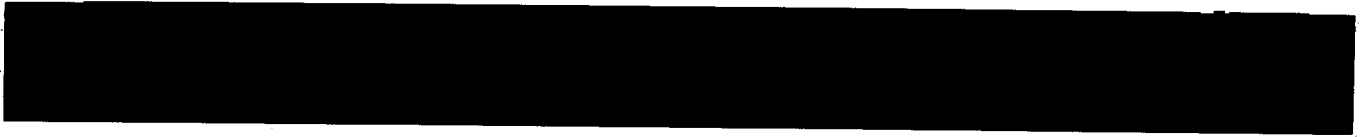
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(t) 212-438-7670 | (m) 917-562-9254

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:07 AM
To: Dolyniuk, Karen E
Subject: FW: Rating for APS debt backed by a letter of credit

From: Sarti, Daniel
Sent: Friday, May 04, 2012 5:06 PM
To: 'Carla_Seifer@standardandpoors.com'
Subject: Rating for APS debt backed by a letter of credit

Hi Carla,

Per the email I received below from Francesca Boccanfuso, Arizona Public Service would like to request a rating on our Maricopa 2009B pollution control bonds which we will be remarketing in late May/early June in a daily rate mode backed by a letter of credit from JPMorgan Chase Bank, N.A.

Please let me know what documents you will need to complete the rating process and I will forward those to you as soon as I have them.

Thank you and I look forward to working with you,

Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Daniel,

I am the commercial contact for the Structured Finance LOC group and understand that you may have an LOC deal that you would like for S&P to rate. I can inform you of fees and Carla Seifer of the analytical team would be able to assign an analyst for you. Please contact her if you would like to move forward. Her # is (212) 438-1735 and email is Carla_Seifer@standardandpoors.com.

Please let me know if you have any questions.

Thank you,
Francesca

Francesca Boccanfuso
Production Specialist
Global Market Development
Standard & Poor's

55 Water Street, 40th Floor
New York, NY 10041
Tel: (212) 438-5045
Email: Francesca_Boccanfuso@standardandpoors.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM
To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

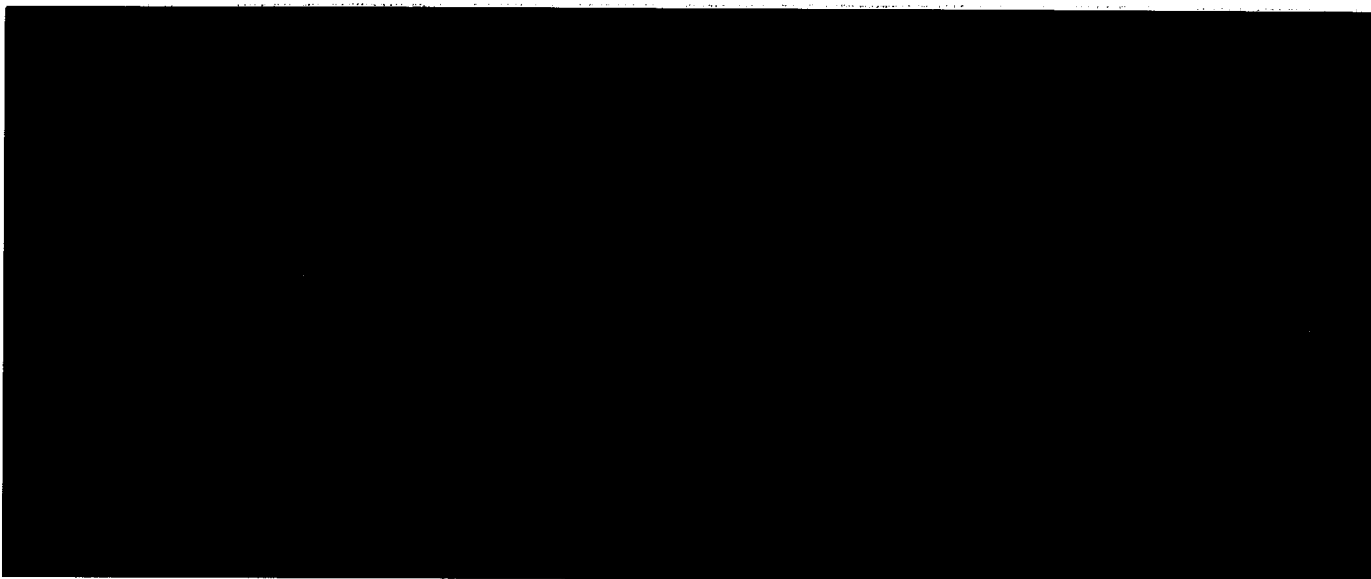
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Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

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Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:43 AM
To: Dolyniuk, Karen E
Subject: FW: Rating for APS debt backed by a letter of credit

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Monday, May 07, 2012 7:45 AM
To: Sarti, Daniel
Subject: RE: Rating for APS debt backed by a letter of credit

Hi Daniel,

Please forward the relevant documents (LOC, indenture and reimbursement agreement) so I can assign an analyst to review.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, May 04, 2012 8:06 PM
To: Seifer, Carla
Subject: Rating for APS debt backed by a letter of credit

Hi Carla,

Per the email I received below from Francesca Boccanfuso, Arizona Public Service would like to request a rating on our Maricopa 2009B pollution control bonds which we will be remarketing in late May/early June in a daily rate mode backed by a letter of credit from JPMorgan Chase Bank, N.A.

Please let me know what documents you will need to complete the rating process and I will forward those to you as soon as I have them.

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Ph: 602-250-3315
Fax: 602-250-5640

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Please let me know if you have any questions.

Thank you,
Francesca

Francesca Boccanfuso
Production Specialist
Global Market Development
Standard & Poor's
55 Water Street, 40th Floor
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Tel: (212) 438-5045
Email: Francesca_Boccanfuso@standardandpoors.com



Dolyniuk, Karen E

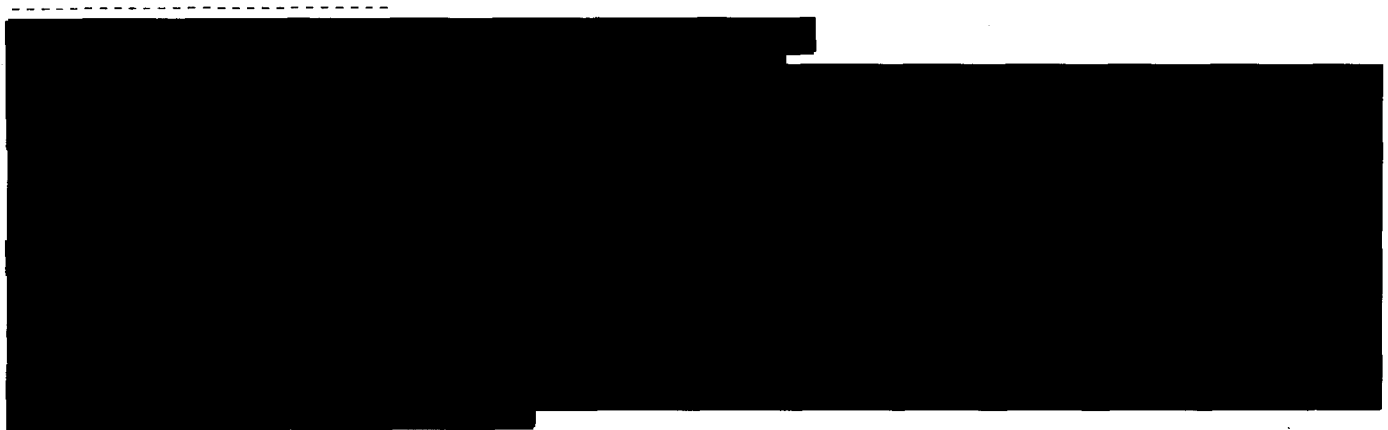
From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Dress code

-----Original Message-----

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 07, 2012 11:26 AM
To: Nickloy, Lee R
Subject: Dress code

Lee,
What is your office dress code, tie or no tie? Also, do you know what the dress code is for the ACC?

Mitchell



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Dress code

-----Original Message-----

From: Nickloy, Lee R
Sent: Monday, May 07, 2012 11:44 AM
To: 'Moss, Mitchell'
Subject: RE: Dress code

Mitchell,

No tie is fine for the meeting with us, though we will typically wear suit and tie when at the Commission.

Lee

-----Original Message-----

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 07, 2012 11:26 AM
To: Nickloy, Lee R
Subject: Dress code

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What is your office dress code, tie or no tie? Also, do you know what the dress code is for the ACC?

Mitchell

Sent from my BlackBerry Wireless Handheld Mitchell Moss

[REDACTED]

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Dress code

-----Original Message-----

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 07, 2012 11:45 AM
To: Nickloy, Lee R
Subject: Re: Dress code

Thanks Lee

Sent from my BlackBerry Wireless Handheld Mitchell Moss
917-499-9108

----- Original Message -----

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Monday, May 07, 2012 01:43 PM
To: Moss, Mitchell
Subject: RE: Dress code

Mitchell,

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Lee

-----Original Message-----

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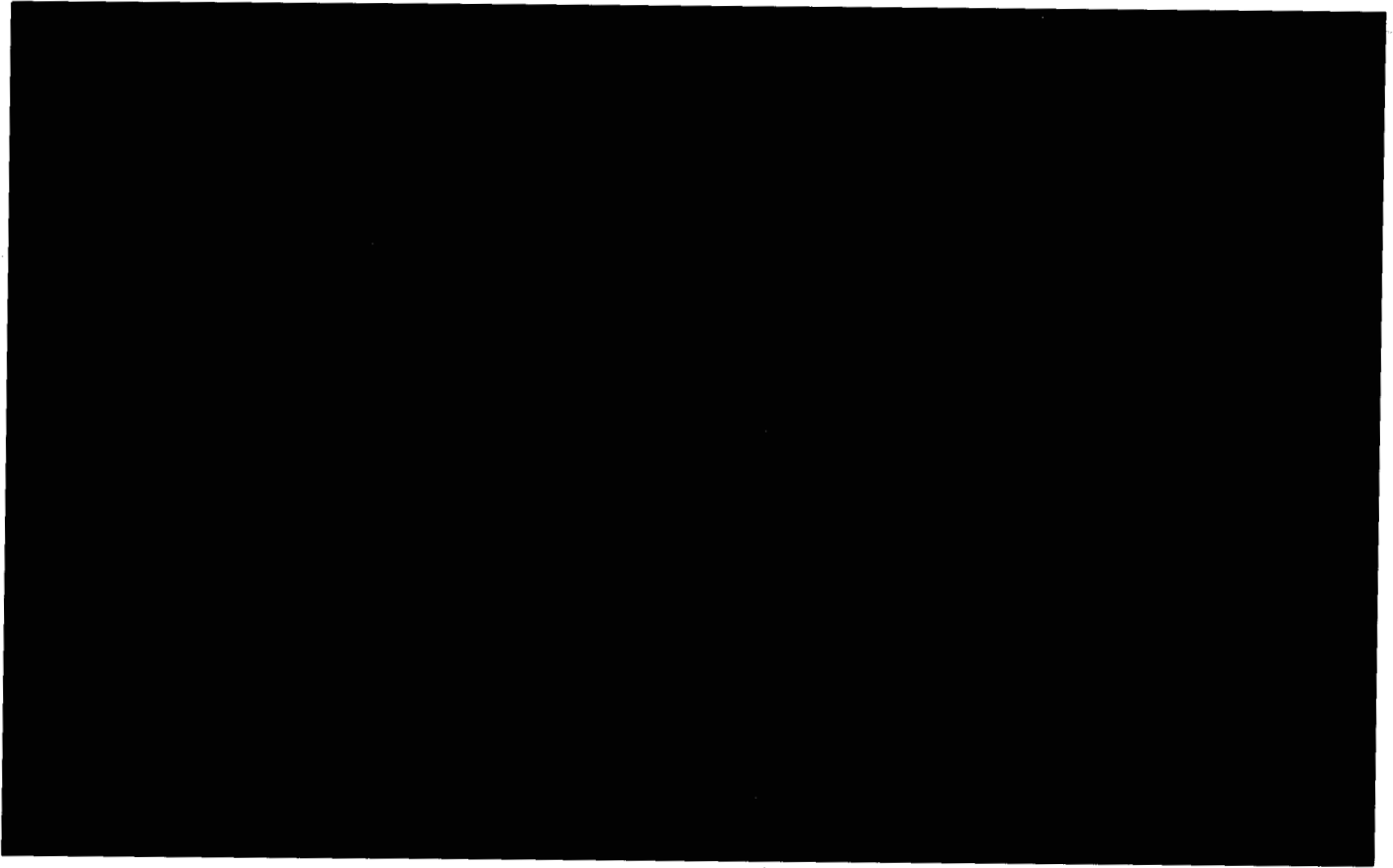
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Sent from my BlackBerry Wireless Handheld Mitchell Moss
917-499-9108-----





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:08 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 9:24 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

From: Sarti, Daniel
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

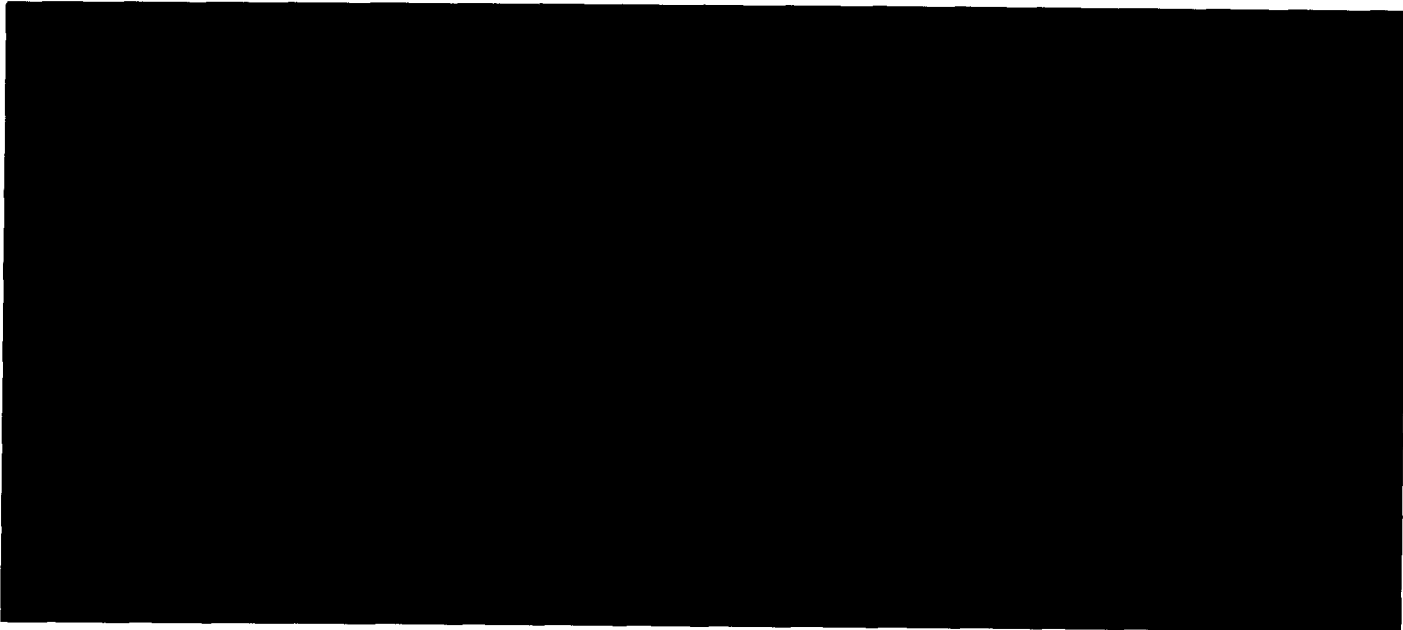
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:08 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 9:28 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

No problem at all. Thanks for the info.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 12:11 PM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I do have another request that I think is probably more appropriate to send to you since the rating on this issue would not be backed by a letter of credit.

Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan.

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

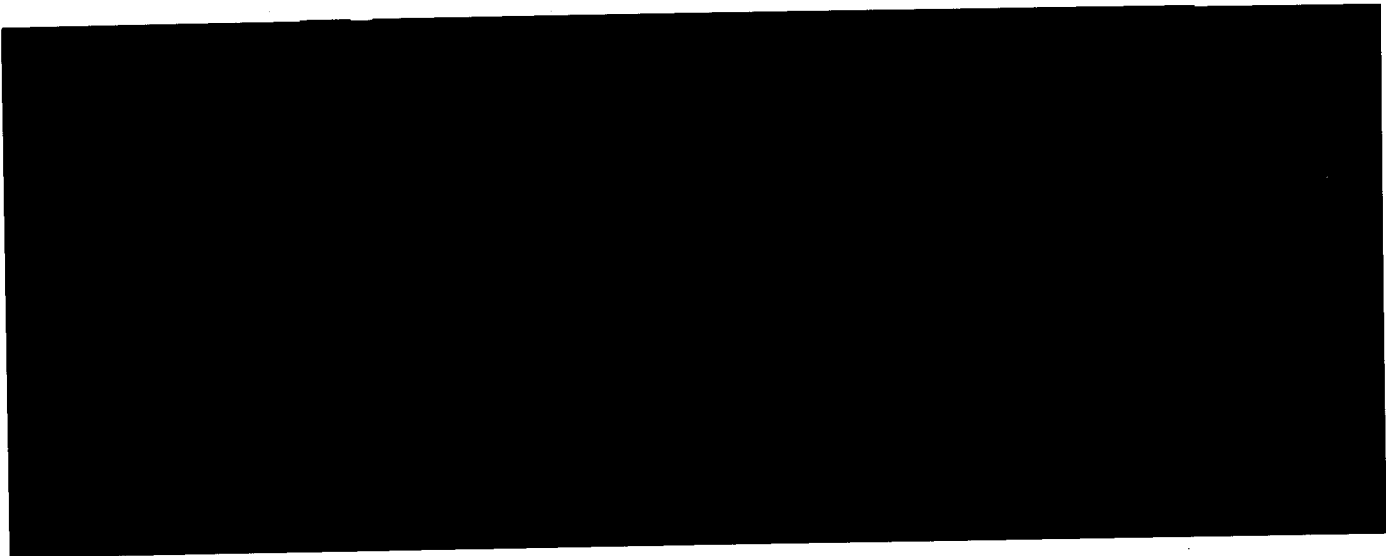
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:44 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 12:13 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Thanks for keeping me in the loop. I'll certainly handle this, and will get the ball rolling as soon as the relevant documents come in, and I'll let you know if there's anything that can be done to expedite the process.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 08, 2012 3:11 PM
To: Ferguson, Michael
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I do have another request that I think is probably more appropriate to send to you since the rating on this issue would not be backed by a letter of credit.

Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

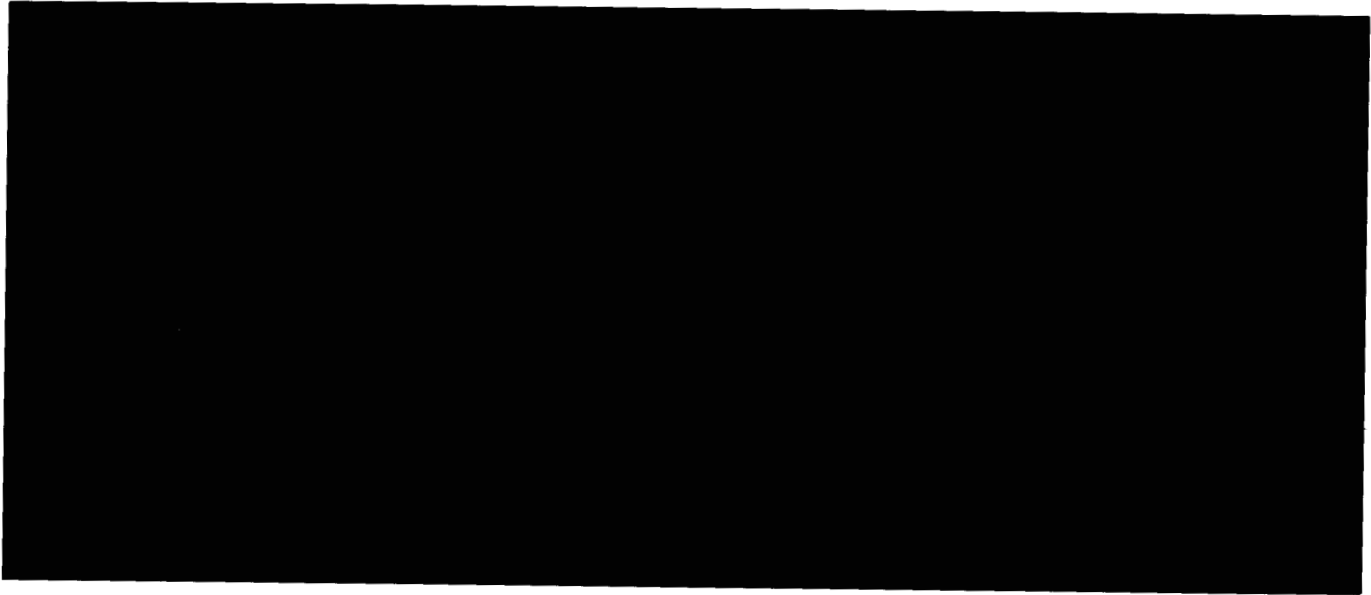
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 3:19 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

I have yet another ratings need to bring to your attention. Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

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Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Nickloy, Lee R
Sent: Tuesday, May 08, 2012 3:30 PM
To: 'Ferguson, Michael'
Subject: RE: Tentative Meeting

Mike,

I think a conference call during the week of June 4th will work best. Would one of these dates/times work for you (all times are EDT)?:

Monday, June 4th – either 12:00 noon or 6:00 PM
Tuesday, June 5th – 12:00 noon

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM
To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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& POOR'S
RATINGS SERVICES**
www.standardandpoors.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 3:37 PM
To: Nickloy, Lee R
Subject: Re: Tentative Meeting

Lee,

I think Monday at noon is probably best for us. Let's plan for that. I'll shoot you a brief list of discussion topics at a later date.

Thanks,
Mike

From: Lee.Nickloy@PinnacleWest.com <Lee.Nickloy@PinnacleWest.com>
To: Ferguson, Michael
Sent: Tue May 08 18:30:16 2012
Subject: RE: Tentative Meeting

Mike,

I think a conference call during the week of June 4th will work best. Would one of these dates/times work for you (all times are EDT)?:

Monday, June 4th – either 12:00 noon or 6:00 PM

Tuesday, June 5th – 12:00 noon

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM

To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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& POOR'S
RATINGS SERVICES**
www.standardandpoors.com

[REDACTED]

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:04 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I'm not sure if you ever sent a more formalized letter per the note below. You may have sent one directly to Lee. If you could, let me know when you get a chance.

Thanks!

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 01, 2012 10:41 AM
To: Sarti, Daniel
Subject: APS Maricopa 2009B Pollution Control Bonds

Dan,

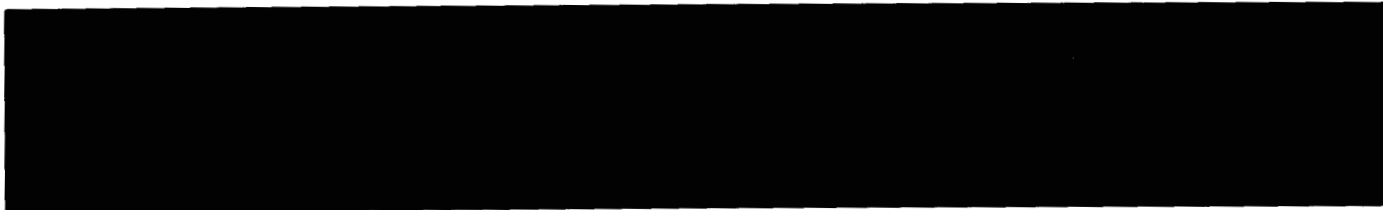
Pursuant to our earlier conversation, we acknowledge that, under our criteria, a change to a Daily Rate Period will not in and of itself cause a change in the rating; the rating on the issue in question is still 'BBB'. We will send a more formalized letter as soon as it is ready, but I just wanted to be able to confirm this should it be needed for your records immediately.

Please notify me if you have any questions regarding this statement.

Regards,

Michael Ferguson, CFA, CPA

Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: Arizona Public Service Co. Rating Letter

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:17 AM
To: 'Ferguson, Michael'
Subject: RE: Arizona Public Service Co. Rating Letter

Thanks Mike.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Wednesday, May 09, 2012 10:06 AM
To: Sarti, Daniel
Subject: FW: Arizona Public Service Co. Rating Letter

Dan.

Here's what we sent to Lee last Tuesday.

Regards,
Mike

From: Rodriguez, Claudia
Sent: Tuesday, May 01, 2012 3:58 PM
To: lee.nickloy@pinnaclewest.com
Cc: Ferguson, Michael
Subject: Arizona Public Service Co. Rating Letter

Attached please find the rating letter, Terms & Conditions for the transaction referred to above. Should you have any questions regarding the rating, please contact the analyst named in the letter.

Thank you for choosing Standard & Poor's.

Claudia Rodriguez
Administrative Assistant
Standard & Poor's
55 Water Street
New York, NY 10041
(212) 438-7441



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: Financial Forecast

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:32 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Financial Forecast

Hi Daniel,

I just checked with Lee to get an update and we should have that for you later today.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 9:10 AM
To: Sarti, Daniel
Subject: Re: Financial Forecast

Good morning Dan,

I was wondering if you had an update regarding the timing of the latest financial forecast. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:45 AM
To: Dolyniuk, Karen E
Subject: FW: Financial Forecast

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 10:36 AM
To: Sarti, Daniel
Subject: RE: Financial Forecast

Perfect. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/09/2012 01:32 PM
Subject: RE: Financial Forecast

Hi Daniel,

I just checked with Lee to get an update and we should have that for you later today.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]

Sent: Wednesday, May 09, 2012 9:10 AM

To: Sarti, Daniel

Subject: Re: Financial Forecast

Good morning Dan,

I was wondering if you had an update regarding the timing of the latest financial forecast. Thanks.

Daniel Neama

Associate Director

Fitch Ratings | Global Power

Phone: 1-212-908-0561

Fax: 1-212-635-0469

Email: Daniel.Neama@FitchRatings.com



[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 11:32 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

Actually it's the Maricopa 2009B that are in a daily rate mode (currently held on our balance sheet and soon-to-be remarketed to investors). The Navajo 2009A series will be remarketed in a fixed-rate 2-year put mode. I believe we will need a full ratings letter for this remarketing (as well as a full letter for the Maricopa series when they are remarketed around June 1)

Give me a call if you have questions.

I will send the documentation on the Maricopa remarketing today. Documentation on the Navajo remarketing to come in the coming days.

Daniel Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 09, 2012 8:08 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

May 9, 2012

Good morning Mr. Sarti,

As per the attached rating letter the Navajo 2009A tax-exempt pollution control bonds are rated 'BBB'. Fitch notes that the bonds will change to a daily rate period as of June 1, 2012, as per the original indenture. If you have any questions or concerns regarding the above matter please contact me.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561

Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

<Daniel.Sarti@pinnaclewest.com>
<Daniel.Neama@fitchratings.com>
05/08/2012 06:18 PM
APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

I have yet another ratings need to bring to your attention. Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

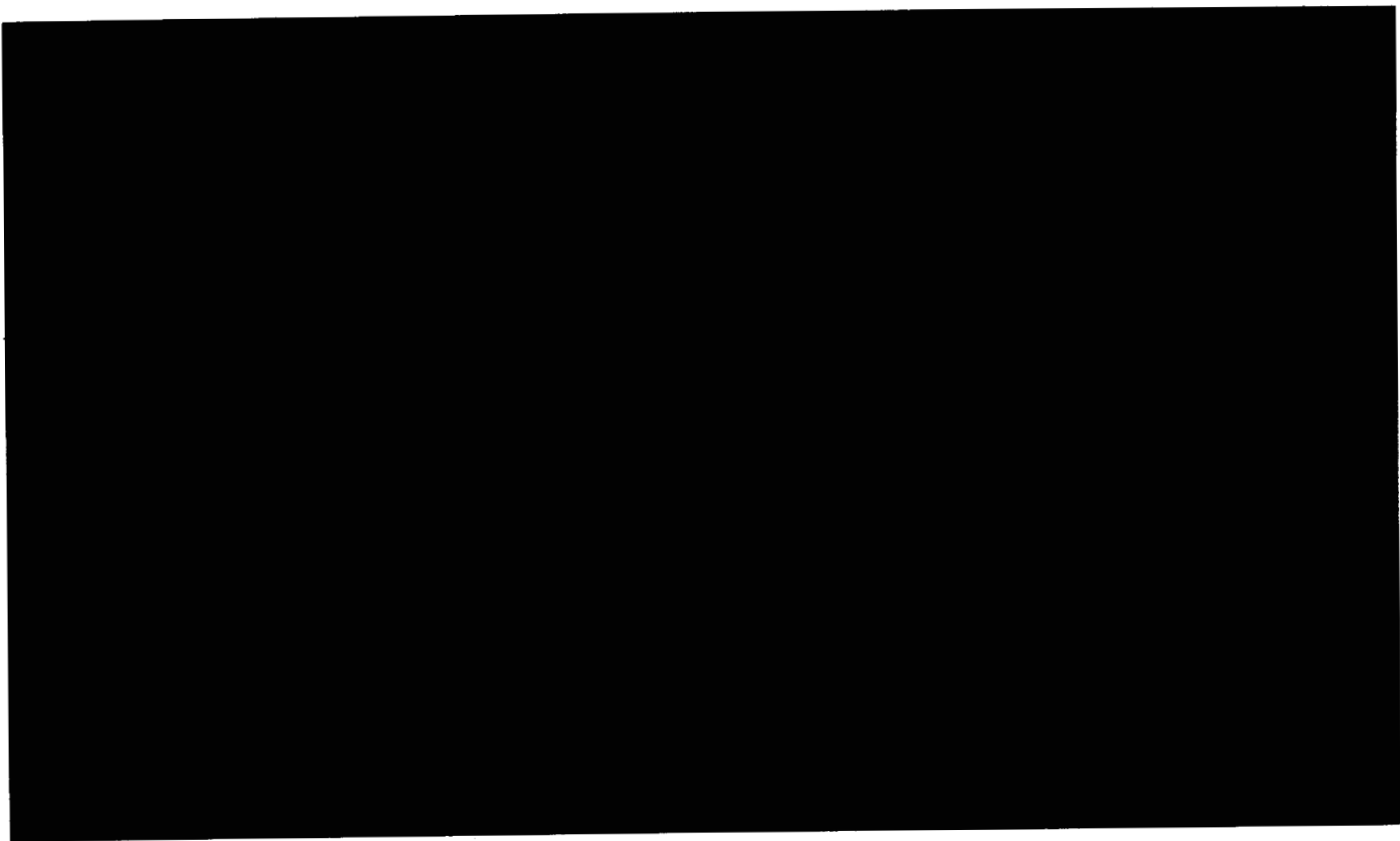
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:46 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 2:18 PM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

OK. Got it. Thanks Dan.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/09/2012 05:09 PM
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 10:35 AM
To: 'Philip.Smyth@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Phil,

I wanted to let you know that APS plans on buying back its existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds at that time and reissue in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JP Morgan Chase Bank, N.A. will be the remarketing agent and provide the letter of credit backing the VRDN mode.

Let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

[REDACTED]

[REDACTED]

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 2:34 PM
To: Nickloy, Lee R
Subject: RE: PNW and APS- Updated Financial Projections

Thanks. Got it.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Lee.Nickloy@PinnacleWest.com>
To: <Daniel.Neama@fitchratings.com>
Cc: <Daniel.Sarti@pinnaclewest.com>
Date: 05/09/2012 05:30 PM
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

As requested, attached are projections for PNW (consolidated) and APS.

Lee

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R

Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

Good afternoon Lee,

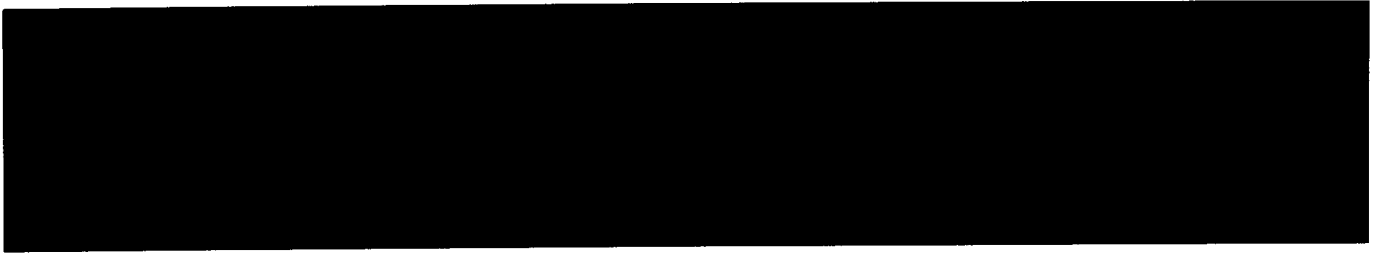
As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

[REDACTED]

[REDACTED]

[REDACTED]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:11 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 12:55 PM
To: 'Seifer, Carla'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:11 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 12:55 PM
To: 'Boccanfuso, Francesca'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes, it is.

566854DN2

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:49 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

I am the commercial contact for the LOC group and would like to provide you fees on your request. Would you be able to tell me what the CUSIP is for this LOC deal?

Thank you,
Francesca

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The offering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

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Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

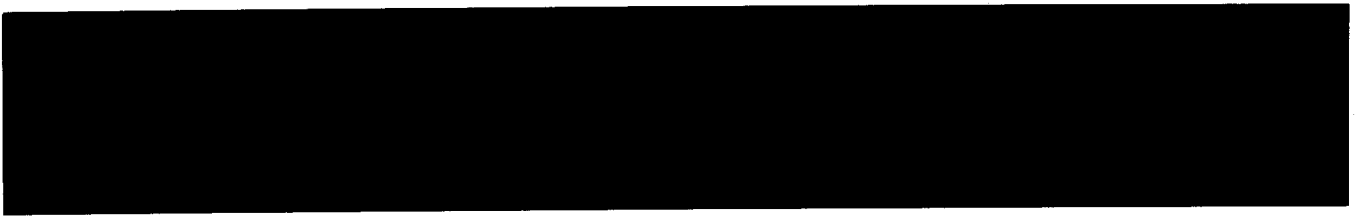
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:47 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:55 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks, also, who is the current LC provider?

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]

Sent: Wednesday, May 09, 2012 5:07 PM

To: Seifer, Carla

Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

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Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Sarti, Daniel

Sent: Monday, April 16, 2012 2:50 PM

To: 'michael_ferguson@standardandpoors.com'

Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

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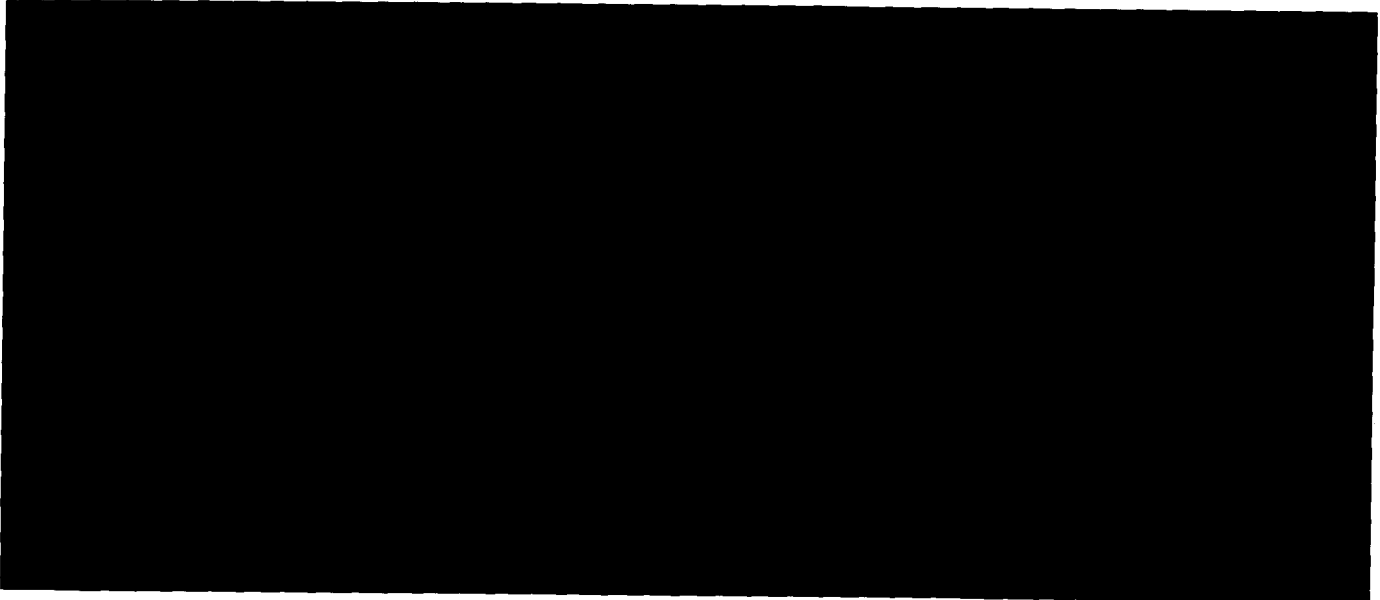
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:47 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 1:27 PM
To: Sarti, Daniel
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]

Sent: Wednesday, May 09, 2012 5:07 PM

To: Seifer, Carla

Subject: APS Maricopa 2009B Pollution Control Bonds

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Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Sarti, Daniel

Sent: Monday, April 16, 2012 2:50 PM

To: 'michael_ferguson@standardandpoors.com'

Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

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Thanks for your help and I look forward to meeting you at some point,

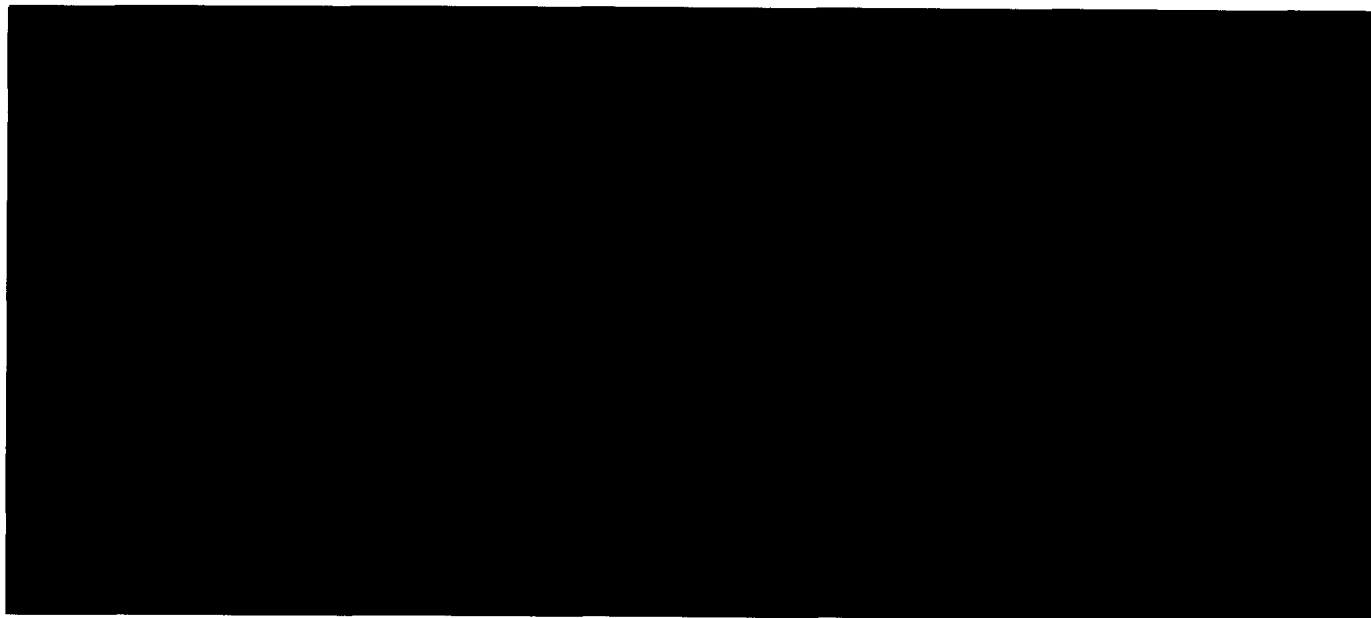
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:12 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 4:07 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:12 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Friday, May 11, 2012 9:40 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

During 2010 the Palo Verde lease obligations were consolidated onto the APS balance sheet. An analysis of the lease characteristics determined that the consolidation was appropriate. As a result, we eliminated rent expense and recognized depreciation and interest expense.

In summary, the numbers that were sent to you in the past are now fully reflected in the financial statements.

Let me know if you have any other questions.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Friday, May 11, 2012 6:48 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Good morning Daniel,

I appreciate you looking into this for me. It took me some time to find it as this is an extremely old forecast, but the numbers I am mentioning were on the balance sheet as imputed lease debt for PNW and APS. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

<Daniel.Sarti@pinnaclewest.com>
<Daniel.Neama@fitchratings.com>
05/10/2012 07:06 PM

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Dan Sarti

Manager - Corporate Finance

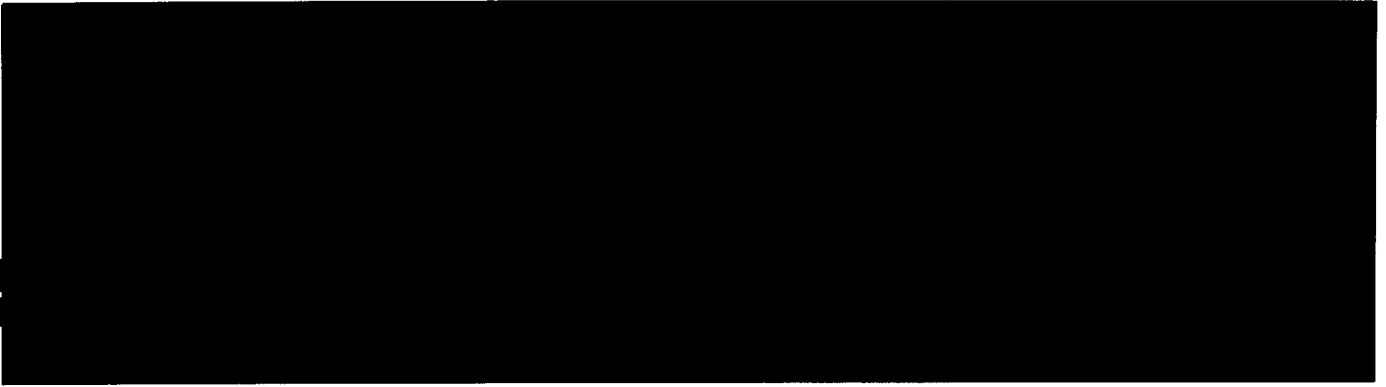
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:48 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Friday, May 11, 2012 9:52 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Dan! Got it. I will make the necessary adjustments.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/11/2012 12:39 PM
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

During 2010 the Palo Verde lease obligations were consolidated onto the APS balance sheet. An analysis of the lease characteristics determined that the consolidation was appropriate. As a result, we eliminated rent expense and recognized depreciation and interest expense.

In summary, the numbers that were sent to you in the past are now fully reflected in the financial statements.

Let me know if you have any other questions.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]

Sent: Friday, May 11, 2012 6:48 AM

To: Sarti, Daniel

Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Good morning Daniel,

I appreciate you looking into this for me. It took me some time to find it as this is an extremely old forecast, but the numbers I am mentioning were on the balance sheet as imputed lease debt for PNW and APS. Thanks.

Daniel Neama

Associate Director

Fitch Ratings | Global Power

Phone: 1-212-908-0561

Fax: 1-212-635-0469

Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>

To: <Daniel.Neama@fitchratings.com>

Date: 05/10/2012 07:06 PM

Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Dan Sarti

Manager - Corporate Finance

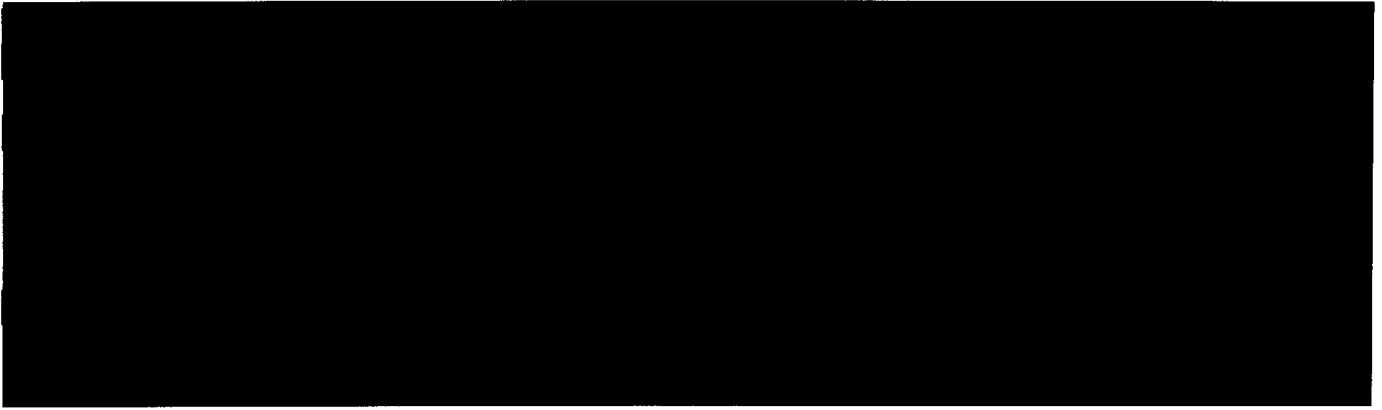
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---





Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:49 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express

written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

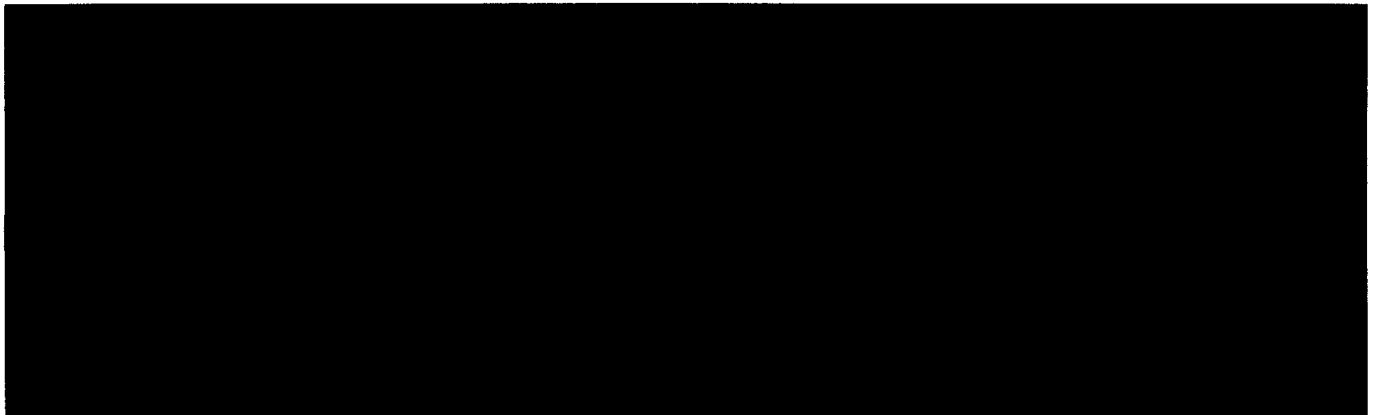
I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Tuesday, May 15, 2012 12:54 PM
To: Nickloy, Lee R
Subject: ACC Decision

Lee,

Let me know if a rate decision from the ACC happens today. If so and you have time, let's have a brief conference call to discuss the outcome.

Thanks,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moody.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 2:12 PM
To: 'mitchell.moss@moodys.com'
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
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New York, NY 10007

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From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

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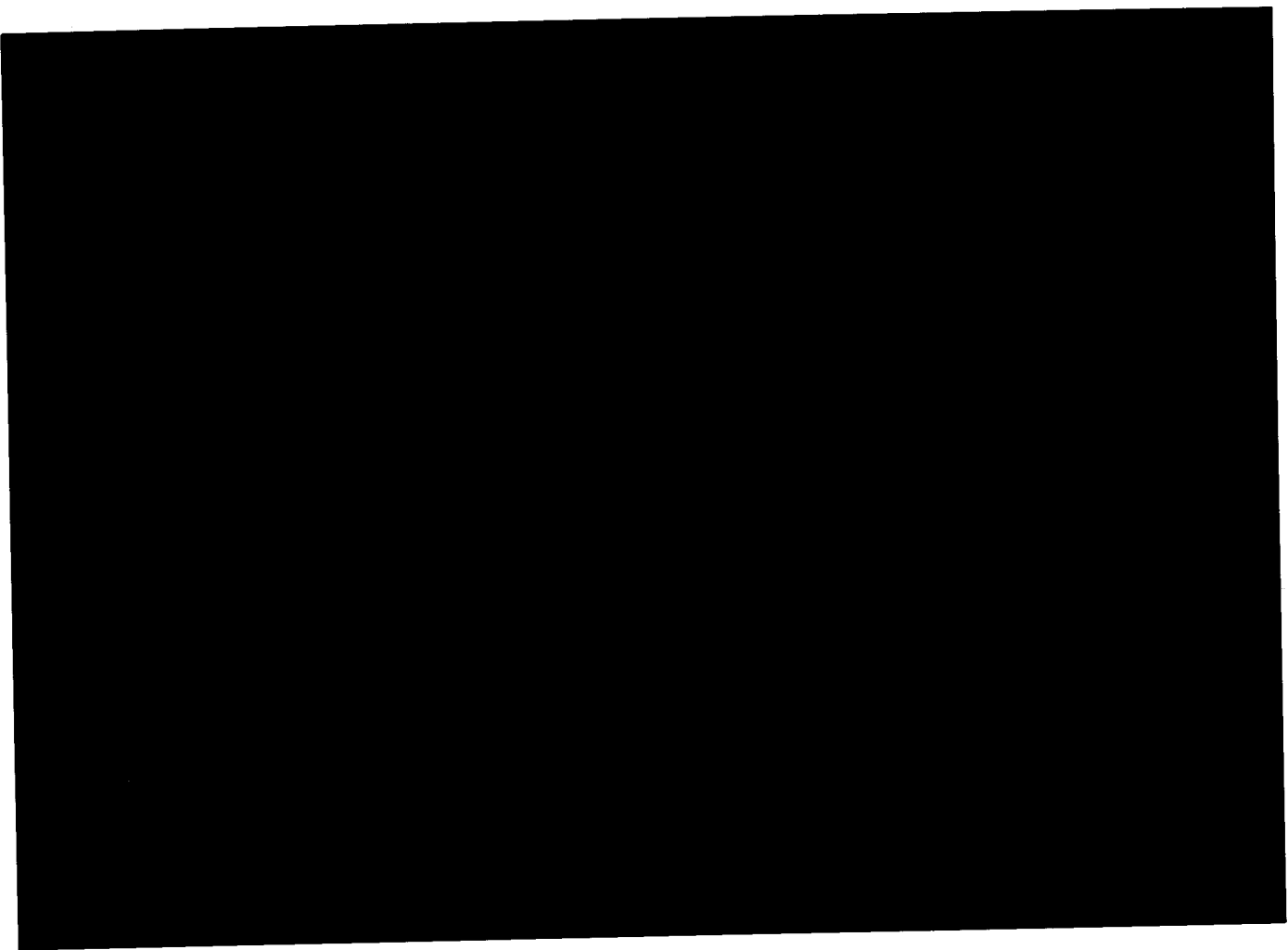
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mitchell.moss@moodys.com
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7 World Trade Center
250 Greenwich Street
New York, NY 10007



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 5:04 PM
To: 'Moss, Mitchell'
Subject: RE: ACC Decision

Mitchell,

We were the only agenda item today. The settlement was just approved by a 4-1 vote (Commissioner Newman was the "no" vote) with no material changes.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
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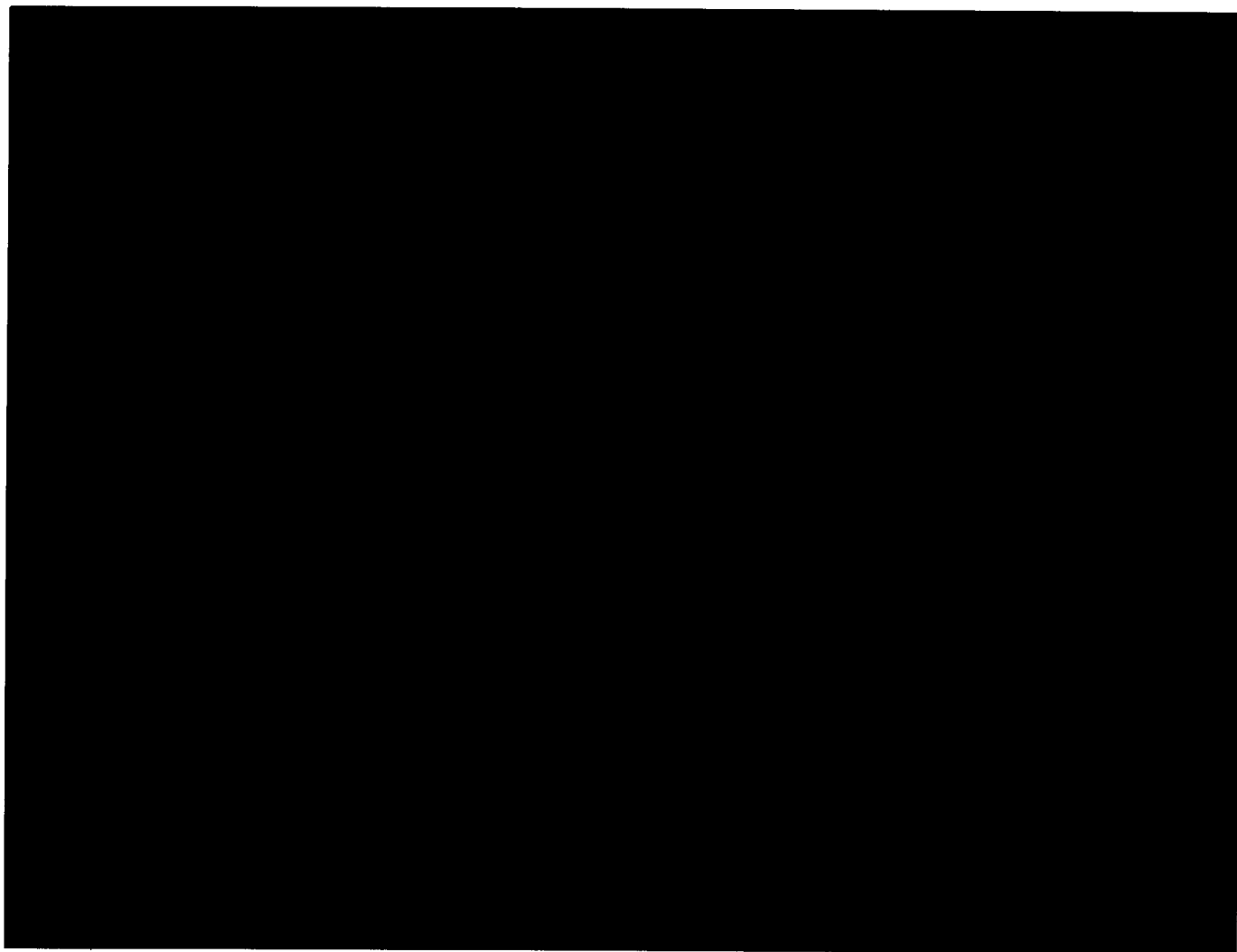
Thanks,
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Tuesday, May 15, 2012 5:15 PM
To: Nickloy, Lee R
Subject: Re: ACC Decision

Thanks Lee,
I will give you a call in the morning to discuss.

Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 07:03 PM
To: Moss, Mitchell
Subject: RE: ACC Decision

Mitchell,

We were the only agenda item today. The settlement was just approved by a 4-1 vote (Commissioner Newman was the "no" vote) with no material changes.

Lee

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 5:12 PM
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From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
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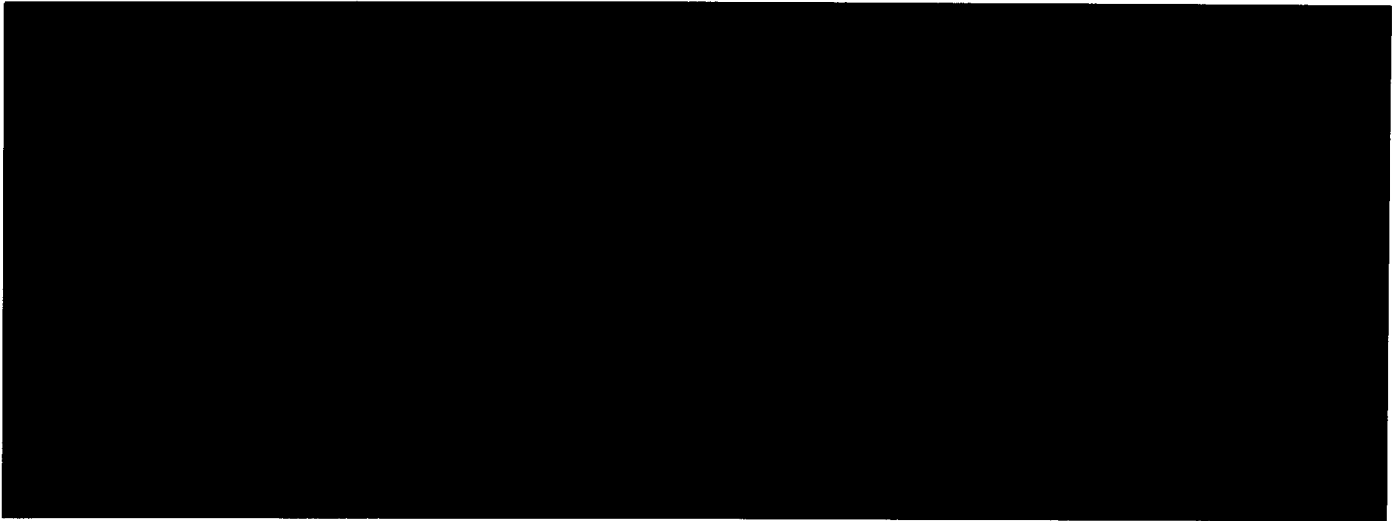
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 5:39 PM
To: 'Moss, Mitchell'
Subject: RE: ACC Decision

Mitchell,

Could we do 11:30 your time tomorrow morning?

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Tuesday, May 15, 2012 5:15 PM
To: Nickloy, Lee R
Subject: Re: ACC Decision

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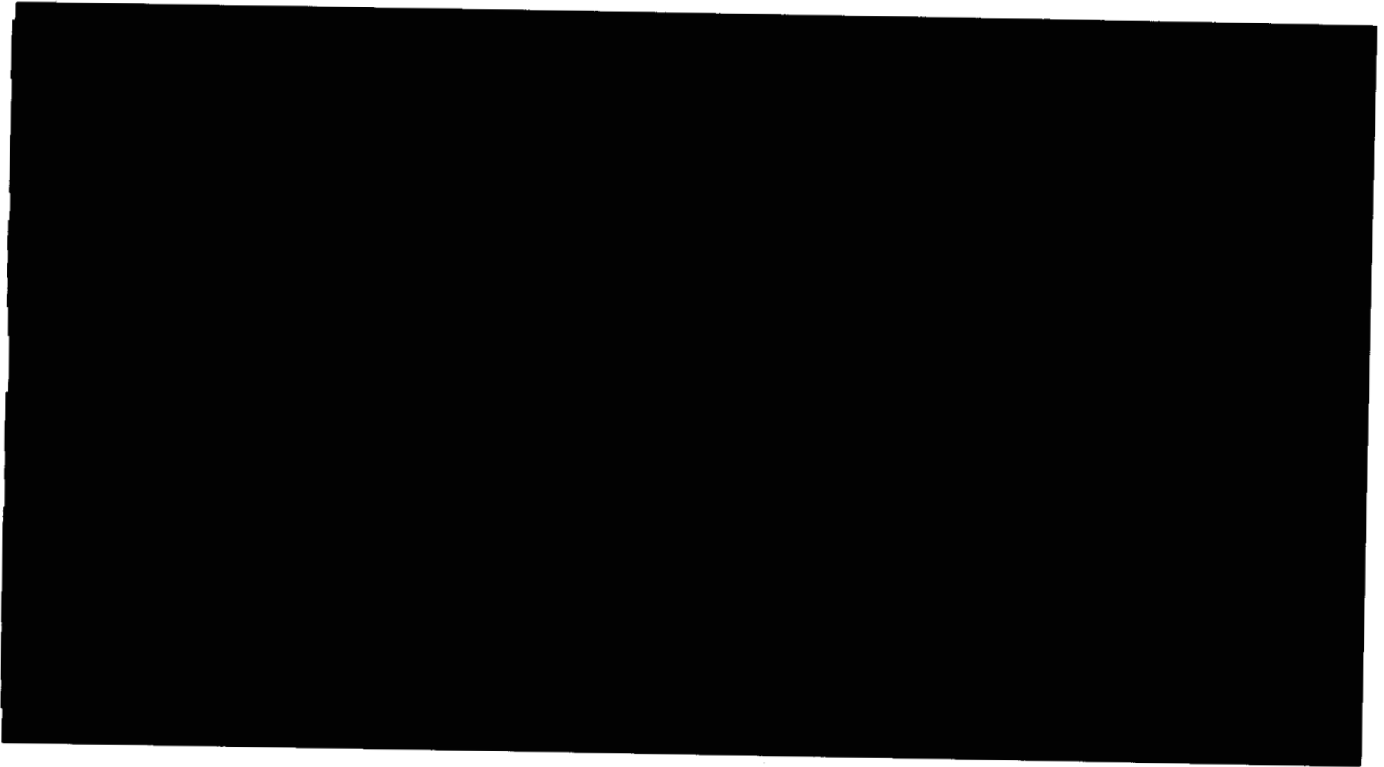
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[REDACTED]

[REDACTED]



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 5:47 PM
To: Nickloy, Lee R
Subject: Re: ACC Decision

I have a meeting at that time. How about 1:30 pm ny time?

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Sent from my BlackBerry Wireless Handheld
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917-499-9108

From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 07:38 PM
To: Moss, Mitchell
Subject: RE: ACC Decision

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From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
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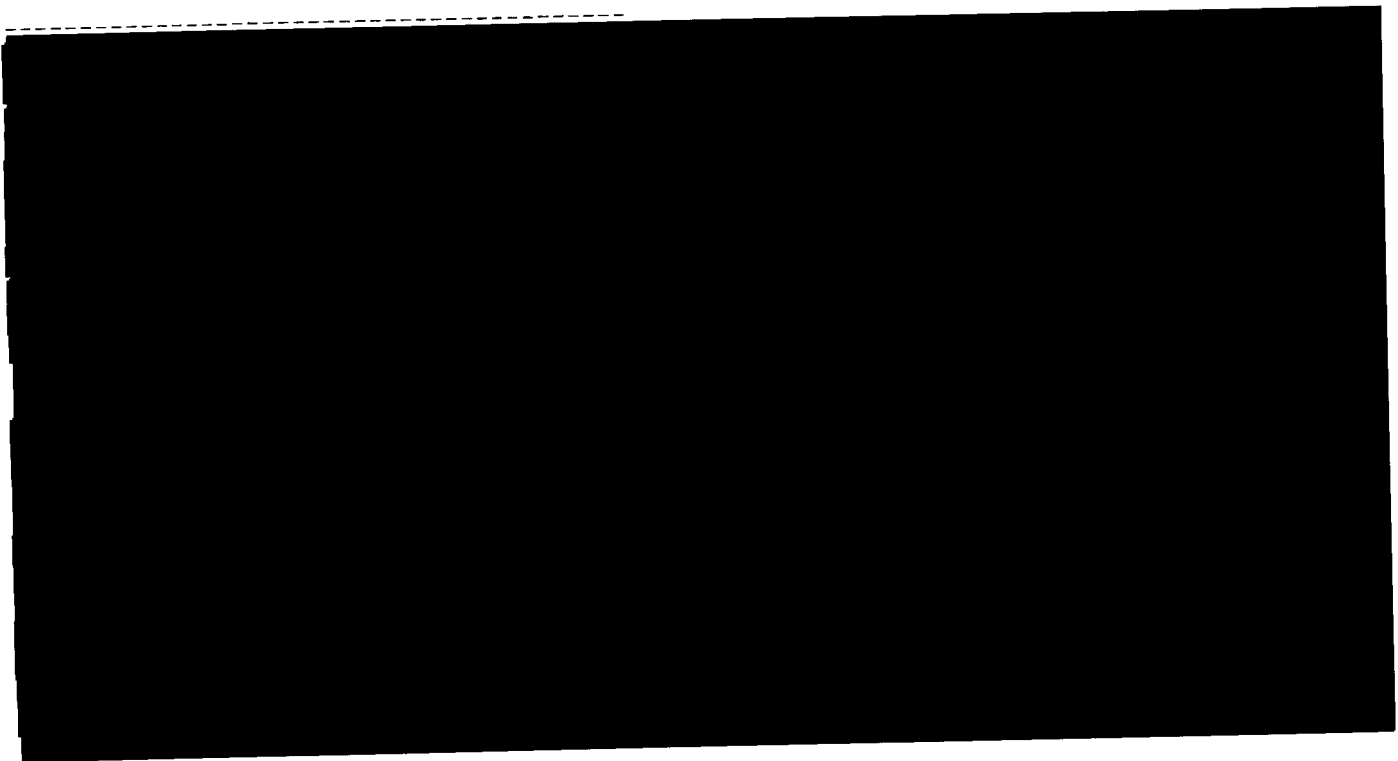
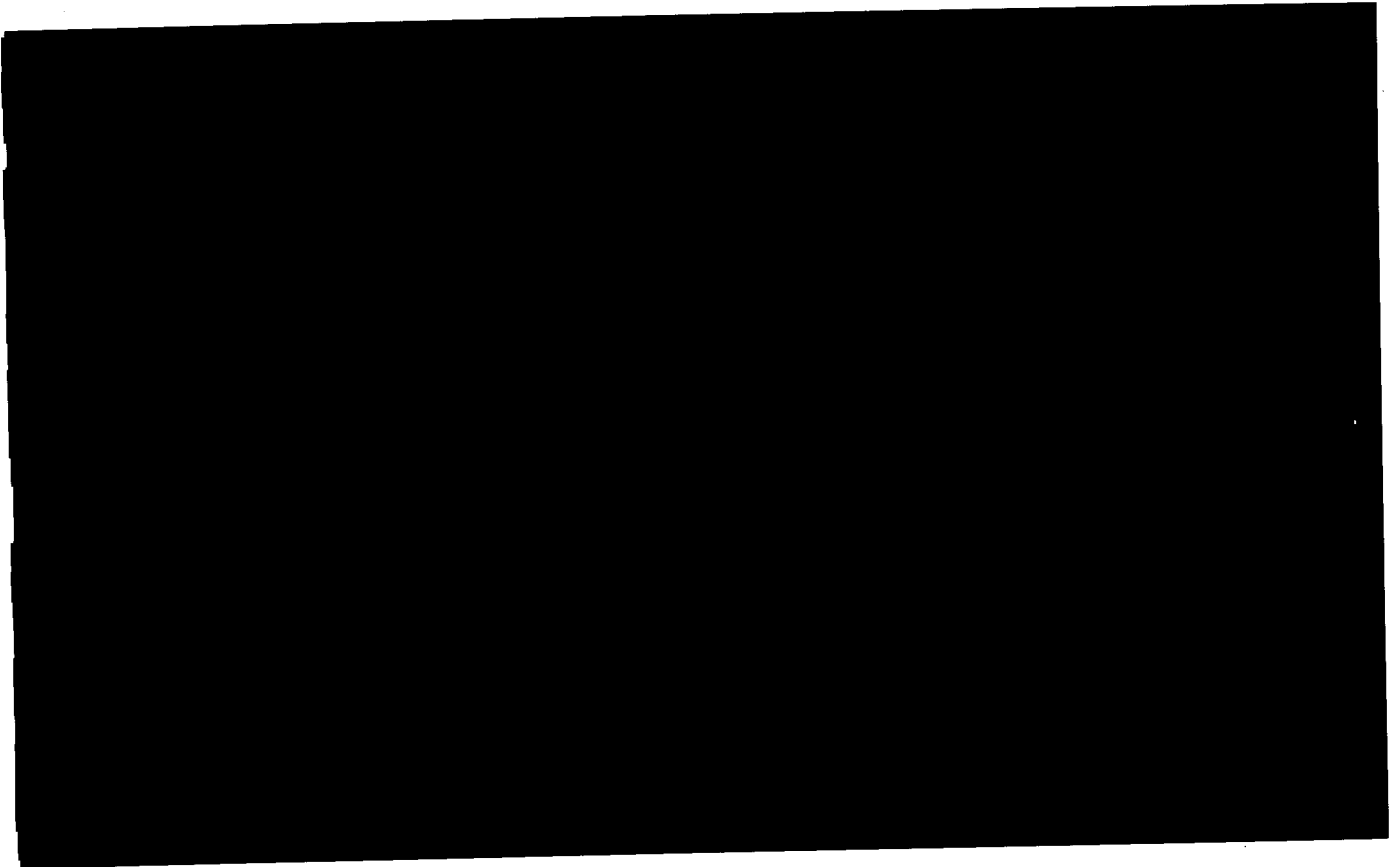
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Dolyniuk, Karen E

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[REDACTED]

FILED 11/12/2010

[REDACTED]

[REDACTED]

[REDACTED]



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From: Nickloy, Lee R
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Subject: FW: ACC Decision

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
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To: Nickloy, Lee R
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Analyst

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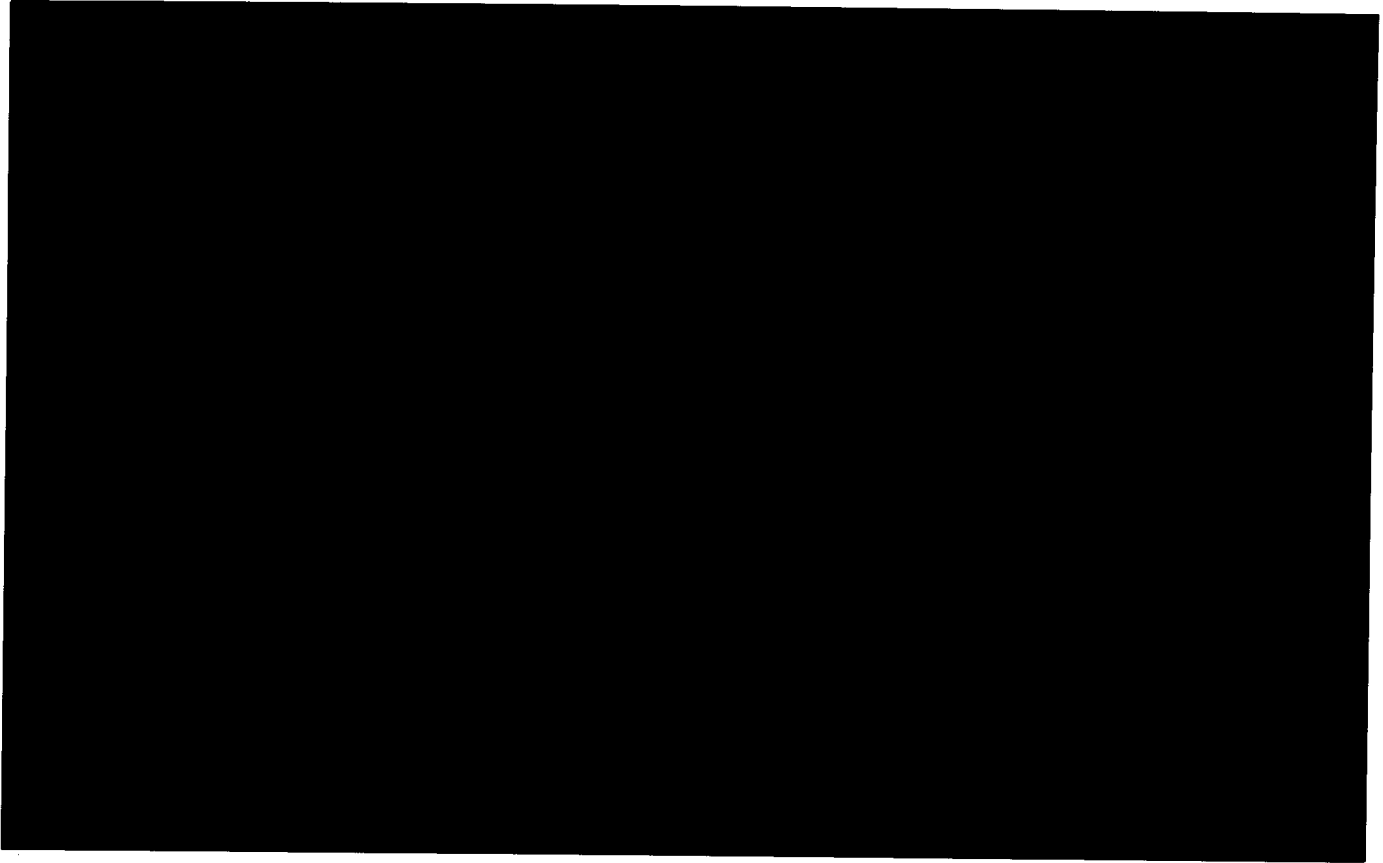
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7 World Trade Center

250 Greenwich Street

New York, NY 10007



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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:15 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:32 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917 499-9108

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

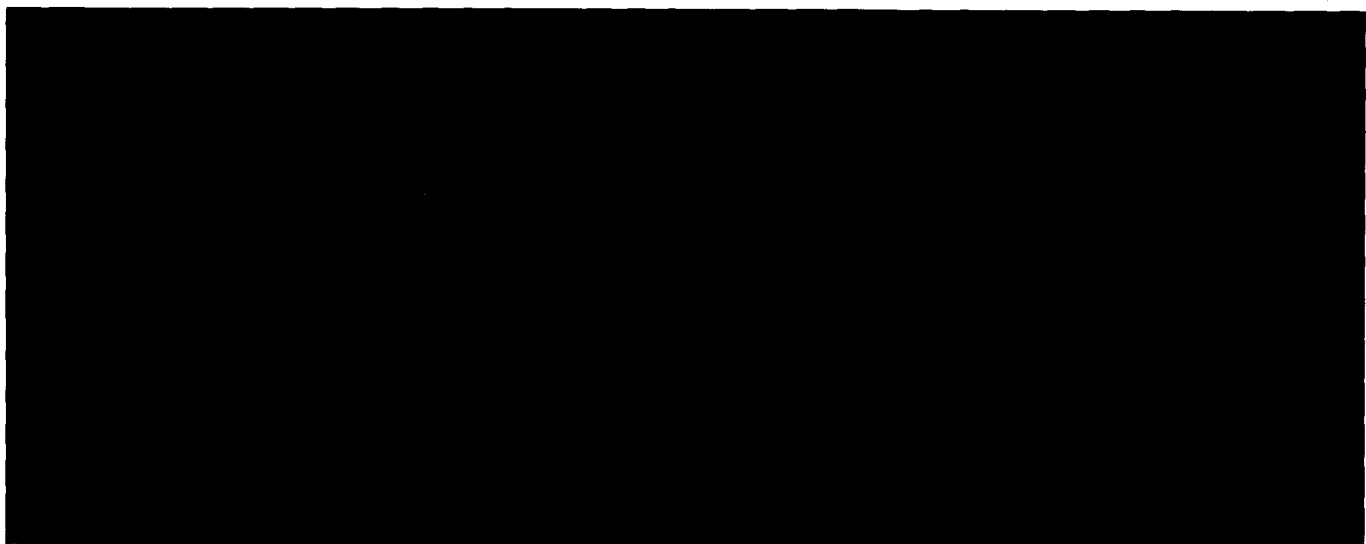
It was nice to meet you in person yesterday afternoon.

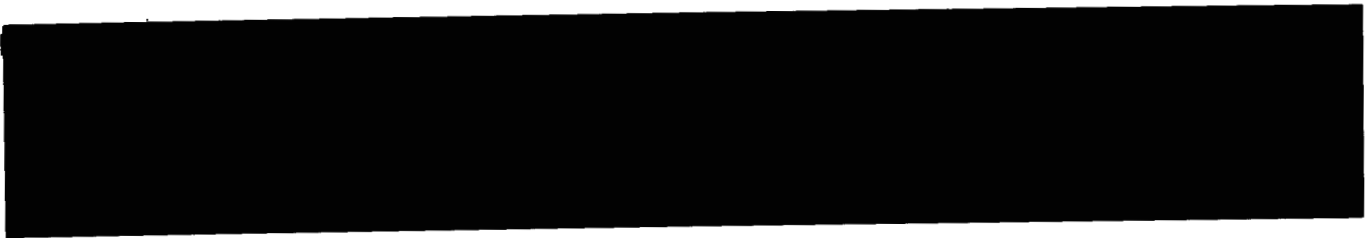
Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Attachment(s) Intentionally Omitted – Contains Confidential Information

Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Sarti, Daniel

Sent: Tuesday, May 08, 2012 11:59 AM

To: 'Moss, Mitchell'

Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

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Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:50 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Dan, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Dan Sarti

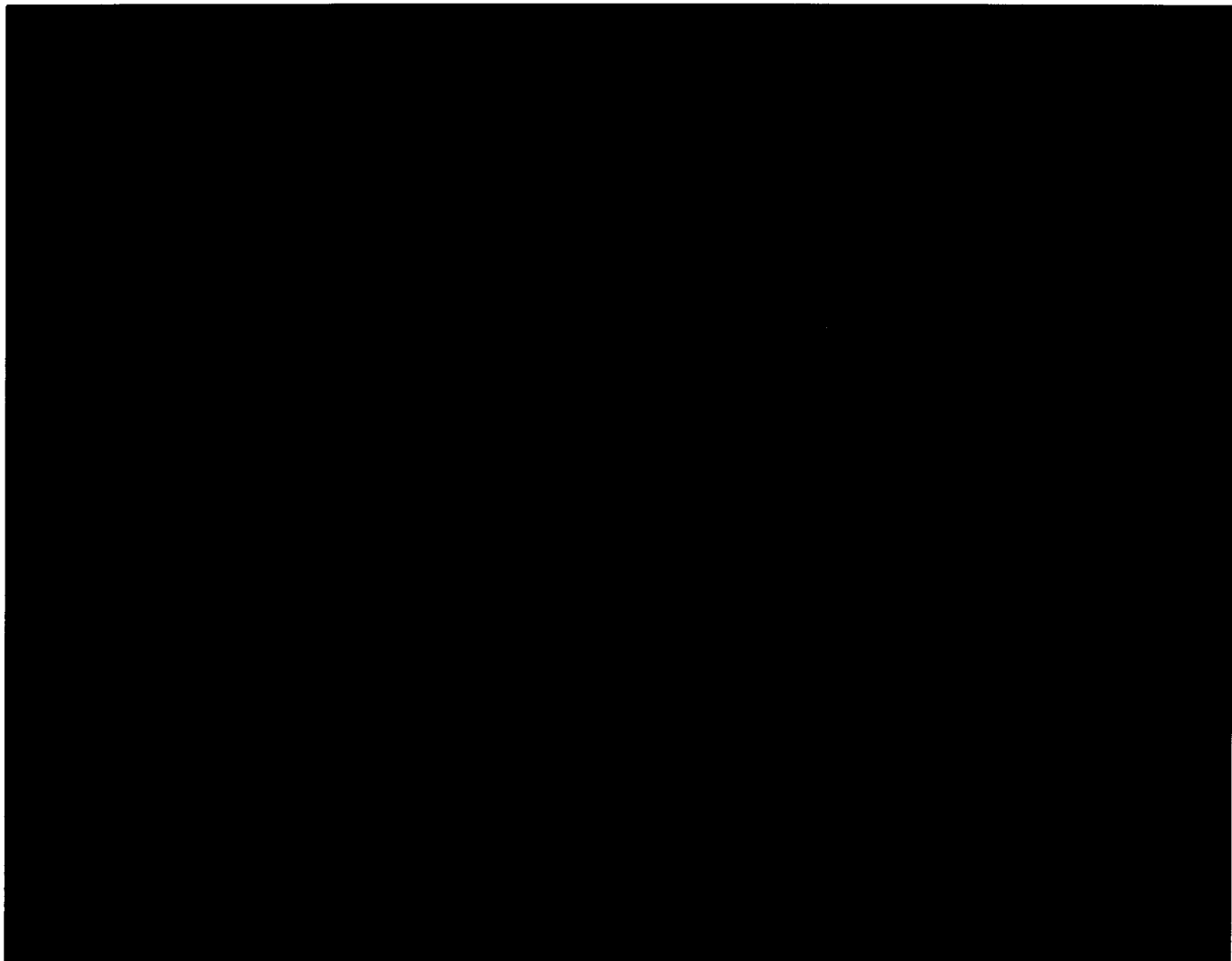
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:16 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 10:01 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

No problem

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Hi, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

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Sent: Wednesday, May 16, 2012 10:32 AM
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Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

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Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917 499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

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Talk to you soon.

Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315
Fax: 602-250-5640



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:20 AM
To: Dolyniuk, Karen E
Subject: FW: Requested Rating Letter

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 3:12 PM
To: 'Hellige, Daniel'
Cc: Moss, Mitchell
Subject: RE: Requested Rating Letter

Thanks Daniel. I believe there is one inaccuracy though. The referenced debt for this rating should be the Navajo 2009A series. The Maricopa 2009B series will be in VRDN mode backed by a letter of credit. We're currently working with Tara Mangaroo at Moody's to get a rating for the Maricopa 2009B series.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Hellige, Daniel [<mailto:daniel.hellige@moodys.com>]
Sent: Wednesday, May 16, 2012 3:02 PM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: Requested Rating Letter

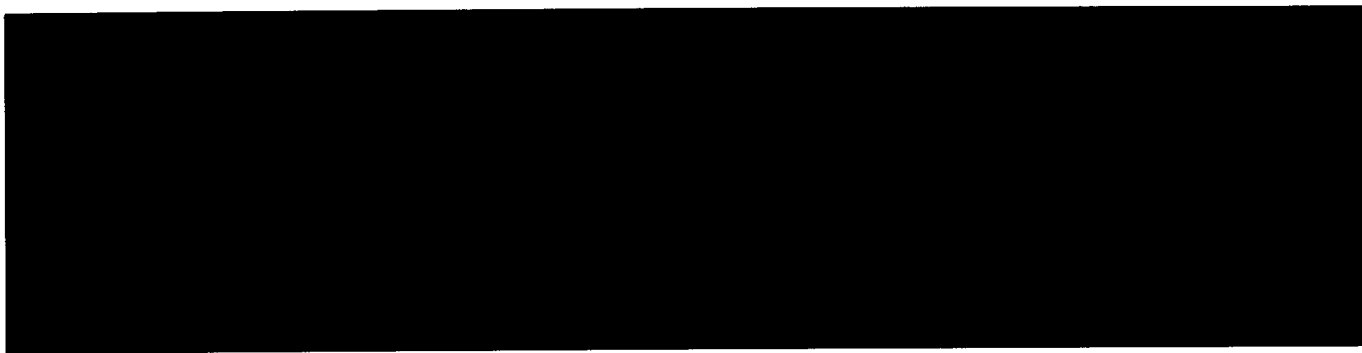
Dear Mr. Sarti,

Please kindly find attached the requested rating letter. If you have any questions or concerns regarding the letter please feel free to contact me.

Kind regards,

Daniel Hellige
Sr. Financial Data Associate
Ratings Desk
212-552-3682 tel
Daniel.Hellige@moodys.com

Moody's Shared Service
7 World Trade Centre
250 Greenwich St.
New York / NY / 10007
www.moodys.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:52 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 5:52 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, I really doubt that. Normally the turnaround time for transactions given the current deal flow is about 2 ½ weeks from the time we receive all documents and we just received the documents yesterday. I will have the analyst let me know when is earliest they can get the rating for you.

Thanks
Tara

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:22 PM
To: Mangaroo, Chetara
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Do you see any chance of us getting a verbal confirmation of the bond rating by tomorrow afternoon?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 3:00 PM
To: 'Mangaroo, Chetara'
Cc: 'Moss, Mitchell'; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Here are the remaining documents you requested. Let me know if there is anything else you need.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

I've attached the Indenture to this email and will follow with the other documents shortly.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Wednesday, May 16, 2012 11:03 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, The Distribution list will be a list of the parties involved (Issuer, Borrower, Bond Counsel, Financial Advisors, Trustee, Underwriter) and the Financing Schedule are the key dates or timeline of events such as a printing, closing & anticipated rating date would be very helpful.

Thanks

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

**** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.**

From: Mangaroo, Chetara
Sent: Wednesday, May 16, 2012 1:53 PM
To: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell, I received your VM.

In order to assign an analyst I will need the (Trust Indenture, Financing Schedule & Distribution List).

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

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From: Moss, Mitchell
Sent: Wednesday, May 16, 2012 1:48 PM
To: Mangaroo, Chetara
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

Chetara,
Second of the two emails.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 15, 2012 1:37 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:05 PM
To: 'mitchell.moss@moody's.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:36 PM
To: 'mitchell.moss@moody's.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

I wanted to let you know that APS plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Dan Sarti

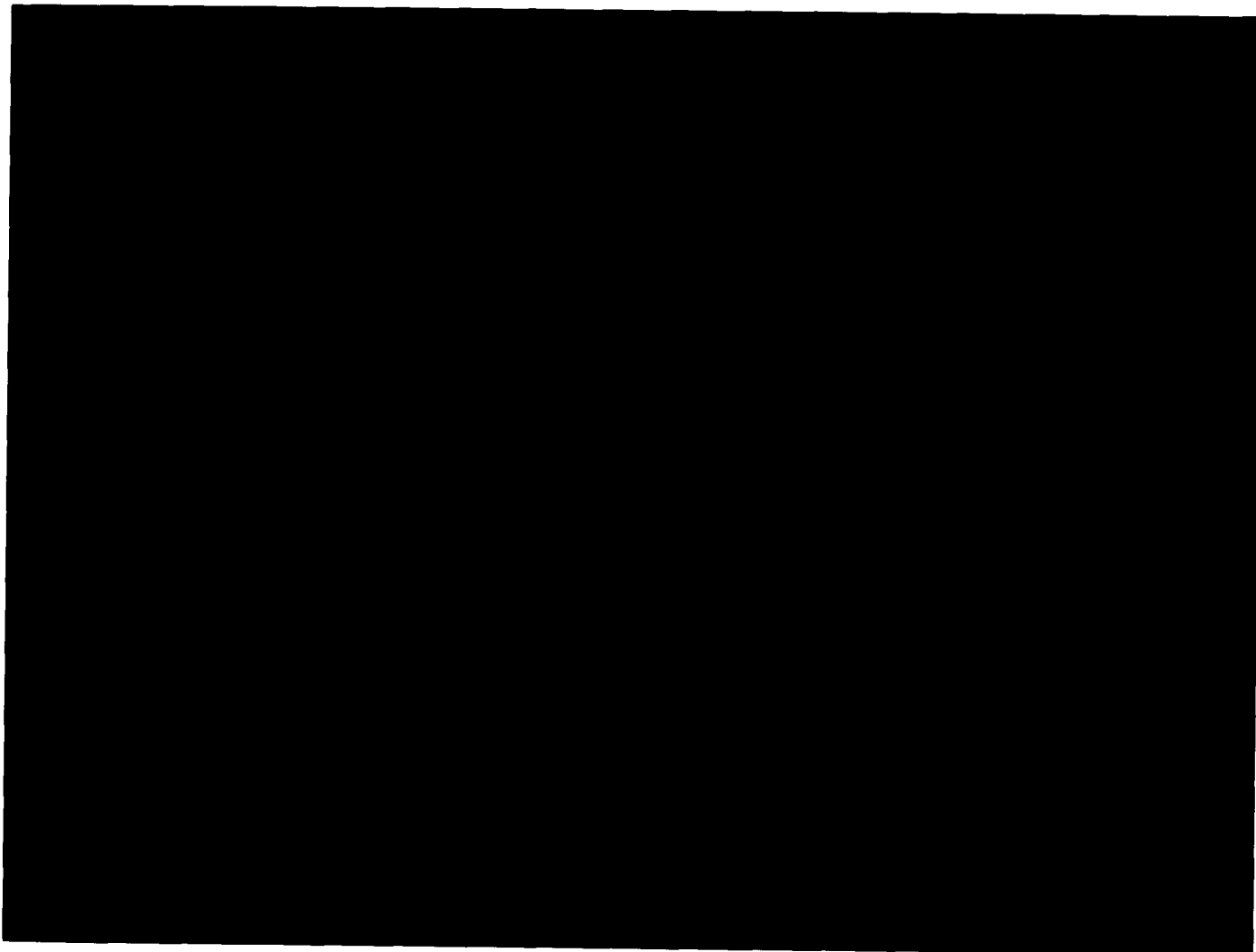
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

[REDACTED]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:21 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 17, 2012 2:21 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Will do. Thanks Tara.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 11:45 AM
To: Sarti, Daniel
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Emily will be the analyst for this transaction, Please add her to the distribution list.

Emily Korot

Analyst
Public Finance Group
Municipal Supported Products
212.553.3806 tel
212.298.6530 fax
emily.korot@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441


F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:00 PM
To: Mangaroo, Chetara
Cc: Moss, Mitchell; Shirley.Baum@pinnaclewest.com
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,


Here are the remaining documents you requested. Let me know if there is anything else you need.


Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

I've attached the Indenture to this email and will follow with the other documents shortly.


Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Wednesday, May 16, 2012 11:03 AM

To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, The Distribution list will be a list of the parties involved (Issuer, Borrower, Bond Counsel, Financial Advisors, Trustee, Underwriter) and the Financing Schedule are the key dates or timeline of events such as a printing, closing & anticipated rating date would be very helpful.

Thanks

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
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From: Mangaroo, Chetara
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To: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell, I received your VM.

In order to assign an analyst I will need the (Trust Indenture, Financing Schedule & Distribution List).

Thanks!

Tara Mangaroo

Associate Analyst
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From: Moss, Mitchell
Sent: Wednesday, May 16, 2012 1:48 PM
To: Mangaroo, Chetara
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

Chetara,
Second of the two emails.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 15, 2012 1:37 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

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Sent: Wednesday, May 09, 2012 2:05 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:36 PM
To: 'mitchell.moss@moodys.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

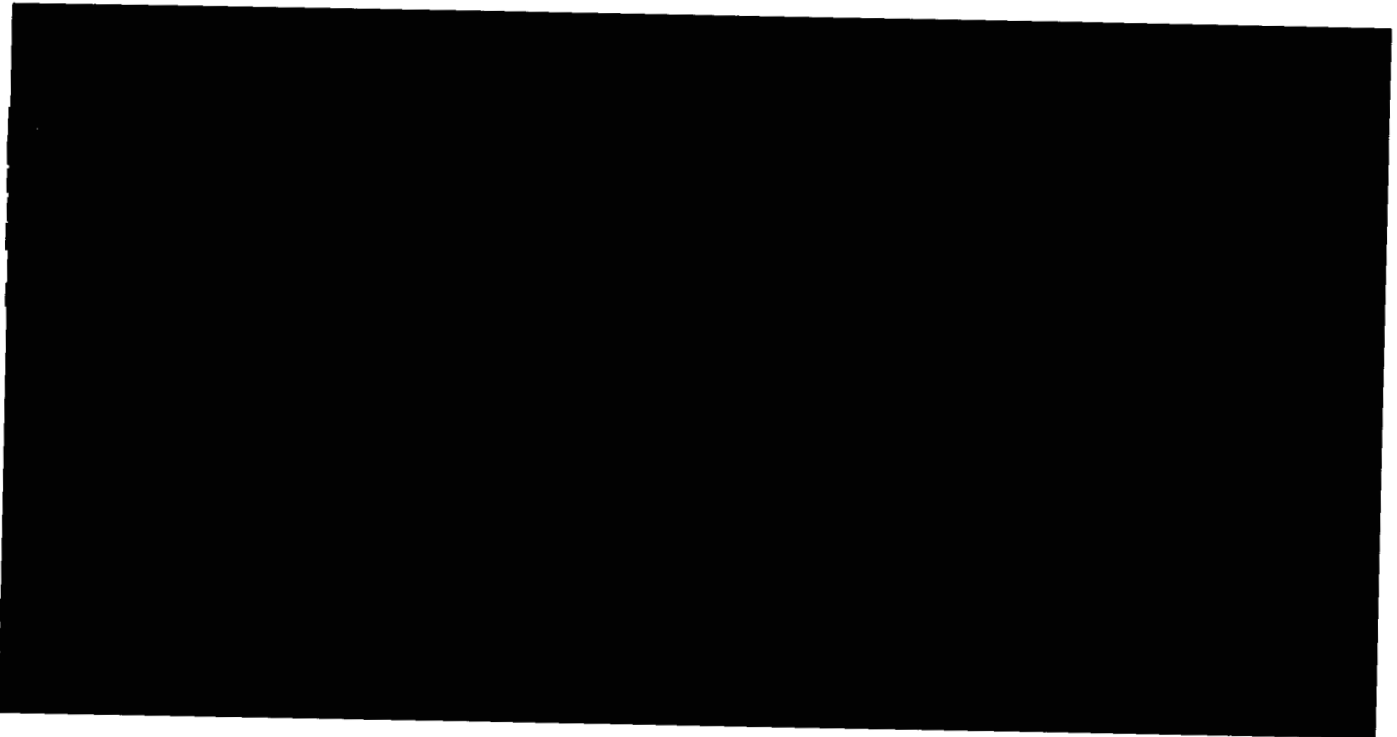
Hi Mitchell,

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While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

From: Sarti, Daniel
Sent: Friday, May 18, 2012 11:21 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

Hi Daniel,

Our attorney indicates that she thinks the letter of credit is in fact an implicit credit enhancement. Could you forward me the contact information for the other department at Fitch as soon as possible so I can get them started.

Thanks,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Tuesday, May 15, 2012 1:55 PM
To: Sarti, Daniel
Subject: RE: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

Good afternoon,

As requested, please find Rating Letters attached for the Maricopa 2009B and the Navajo 2009A Pollution Control Revenue Refunding bonds. Do let me know if you need anything else. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/15/2012 01:40 PM
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:09 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 10:35 AM
To: 'Philip.Smyth@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Phil,

I wanted to let you know that APS plans on buying back its existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds at that time and reissue in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JP Morgan Chase Bank, N.A. will be the remarketing agent and provide the letter of credit backing the VRDN mode.

Let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009 B Series Bonds

-----Original Message-----

From: Sarti, Daniel
Sent: Friday, May 18, 2012 1:01 PM
To: 'glen.grabelsky@fitchratings.com'
Cc: Daniel.Neama@fitchratings.com; Baum, Shirley A
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Glen,

Is it possible for us to have a conversation with them today? Our time frame for needing the rating is very short so to the extent they need any documentation from us I'd like to get it to them sooner than later.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

-----Original Message-----

From: glen.grabelsky@fitchratings.com [<mailto:glen.grabelsky@fitchratings.com>]
Sent: Friday, May 18, 2012 12:45 PM
To: Sarti, Daniel
Cc: Daniel.Neama@fitchratings.com
Subject: Maricopa 2009 B Series Bonds

Dan: Please refer to the attached criteria report, specifically pg 2 "What the Ratings Mean".

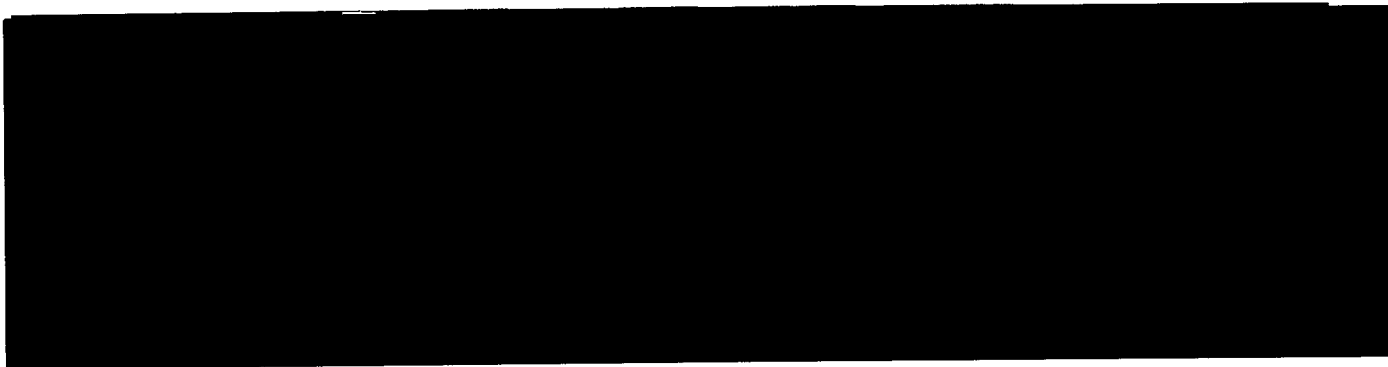
I believe this bond issuance would fall under that criteria, However, the criteria is part of the municipal finance group and we do not work with this criteria regularly.

We expect to hear back from our colleagues no later than Monday.

(See attached file: VRD0.Guidelines.pdf)

Glen Grabelsky
Managing Director

Utilities Power & Gas
Fitch Ratings
212-908-0577



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: APS Comment
Attachments: APS Issuer Comment in WCO 2012-05-21.pdf

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 21, 2012 7:11 AM
To: Nickloy, Lee R
Subject: APS Comment

Lee,
Attached is the APS comment that went out today. Let me know if you have any questions.
Regards,
Mitchell

Mitchell Moss, CFA

Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

MOODY'S

INVESTORS SERVICE

ISSUER COMMENT

Rate Case Decision Is Credit Positive for Arizona Utilities

From Weekly Credit Outlook

Analyst Contacts:

NEW YORK +1.212.553.1653
 Mitchell Moss +1.212.553.4478
 Analyst
 mitchell.moss@moody's.com

Last Tuesday, the Arizona Corporation Commission (ACC) adopted a settlement that provides Arizona Public Service Company (APS, Baa2 stable) a \$116.3 million non-fuel base rate increase to recover increased operating costs and to earn a return on capital invested in its plants. The settlement also lowered fuel rates so that there will be no net change to customer bills. The settlement is credit positive for APS and its parent, Pinnacle West Capital Corporation (PNW, Baa3 stable), because we expect the base rate increase to improve APS' and PNW's credit metrics and because the settlement points to an Arizona regulatory framework that is more credit supportive for electric and gas utilities.

Arizona has historically been a regulatory jurisdiction that we consider to be below average in terms of credit supportiveness. In the past, utilities in the state have experienced significant delays in cost recovery and earning returns on their rate bases. Owing to rate cases taking 18 months to complete, this regulatory lag resulted in rates derived from a cost basis that was more than two years old.

However, in the past six months, the ACC has sped up its decision-making process to about 12-13 months, as reflected in its rate-case orders for APS last Tuesday, UNS Gas, Inc. (Baa3 stable) in April, and Southwest Gas Corporation (Baa1 stable) in December 2011. In addition to the quicker rate case turnaround time, all three utilities received reasonable rate increases and will be allowed to adjust rates via a mechanism to recover lost revenues owing to reductions in sales load. The ACC will also allow APS to implement an environmental cost tracker that adjusts rates on a timely basis to recover carrying costs for environmental compliance capital expenditures.

As a result, we expect the utilities to earn close to their allowed returns on equity and maintain or improve their credit metrics for several years. For instance, we expect APS' cash flow pre-working capital interest coverage to improve to 5.3x from 4.7x in 2011 and cash flow pre-working capital to debt to improve to 26% from 23.5% in 2011.

The negotiated settlements among ratepayer advocates, regulatory staff, and the utilities are credit positive for the utilities since the settlements avoided longer rate proceedings with more uncertain ACC decisions and allowed the utilities to increase base rates and implement new cost recovery mechanisms. The settlements indicate an improved communication of priorities among the parties since the utilities, ACC staff, and other advocates have conflicting priorities regarding rate increases.

What is Moody's Weekly Credit Outlook?

Moody's Weekly Credit Outlook provides our research clients with timely opinions on breaking credit market developments and trends. Published every Monday morning, the newsletter will help you start your week informed of Moody's latest opinions from across the organization.

We expect Tucson Electric Power Company (TEP, Baa3 stable) to file a rate case with the ACC to request an increase in its base rates in July. Although we do not expect a decision until early to mid-2013, a settlement seems possible since we expect TEP to request similar recovery mechanisms as APS did. A favorable result would further indicate an improvement in Arizona's regulatory framework.

Report Number: 142184

Author
Mitchell MossProduction Specialist
Wing Chan

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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: PNW Email : Regulators OK APS rate settlement

-----Original Message-----

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Monday, May 21, 2012 7:37 AM
To: Nickloy, Lee R
Subject: FW: PNW Email : Regulators OK APS rate settlement

Lee,

I noticed this article and it discussed the expected changes in APS' rates over time. Do you have a schedule showing the forecasted % and revenue \$ changes in rates over time during the stay out period?

Thanks,
Mitchell

-----Original Message-----

From: Factiva [mailto:emailednews@email.global.factiva.com]
Sent: Saturday, May 19, 2012 8:27 AM
To: Moss, Mitchell
Subject: PNW Email : Regulators OK APS rate settlement

Your topic is PNW Email

Dow Jones Factiva

Regulators OK APS rate settlement

PHX0000020120519e85g0002w

Business

By Ryan Randazzo, The Arizona Republic

Phoenix Phoenix

534 Words

16 May 2012

The Arizona Republic

Final Chaser

D1

English

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Utility regulators approved a rate settlement for Arizona Public Service Co. on Tuesday allowing the company to charge customers a fee to make up for sales it loses when customers conserve energy.

But the settlement wiped out the request to raise base rates and actually will decrease rates about 1 percent July 1 when the rates take effect. Several small increases will follow.

When APS helps customers pay for more efficient appliances or save energy with home upgrades, the utility sells less electricity. The utility saves money with those projects because it

doesn't have to generate as much electricity with its power plants. But it still has to maintain its power lines and electrical grid, which it refers to as "fixed costs."

The Arizona Corporation Commission voted 4-1 Tuesday to allow the utility to charge a "lost-fixed-cost recovery mechanism" to pay for those items even as it sells less electricity.

The Corporation Commission is requiring utilities to reduce their energy sales by 22 percent in 2020 through increased efficiency, and APS officials have said meeting the goal will be devastating to finances without a way to pay its fixed costs.

APS asked regulators in June for a 6.6 percent rate increase and for the ability to charge customers for fixed costs whenever sales declined.

Many customers and organizations complained, including AARP. Consumer groups and other stakeholders entered settlement talks with APS, reaching a deal in January that was approved Tuesday with minor changes.

"It is a very constructive outcome," said Jeff Guldner, APS vice president of regulation. "We continue to believe settlements result in creative solutions that benefit our customers. This was the result of the creative juices of all the parties working together in the room, and we are very pleased to see this work through as quickly as it did."

Several small rate increases will follow the July 1 rate decrease of about 1 percent. They include the LFCR mechanism, which was a compromise on the energy-efficiency issue. The fee will be capped at a 1 percent rate hike a year, which would be an increase of about \$1.30 a month on the average residential customer, although APS officials estimate it will be much lower than that in the first years.

The fee would not be charged until April 2013, and APS officials estimated the initial fee would be about a 0.2 percent increase for the first, partial year.

The increase would be calculated based on APS' fixed costs and energy APS helped customers save through energy efficiency.

APS also will reset the fee on customer bills that relates to natural-gas power-plant fuel, and that reset could mean an increase next year, depending on what the fuel prices do in the meantime.

APS also is seeking to buy a larger stake in two generators at the Four Corners Power Plant in New Mexico, while shutting three old units at the plant.

If that deal is approved, the utility could implement a 3 percent rate increase on customers next year.

In addition, APS cannot increase base rates until 2016.

Your complete results are available online at
<http://global.factiva.com/redir/default.aspx?p=vf&view=a&fid=300883212&aid=9M00000100&ns=18&p=AE&OD=V2AUbjNaqd6b6yKMegonfnouAZrTDW4K5jnAwC70GVmxNgFHVQHJ%2bYpg%3d%3d%7c2>.

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009 B Series Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 8:35 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Daniel. I'll give her a call.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Monday, May 21, 2012 7:18 AM
To: Sarti, Daniel
Cc: glen.grabelsky@fitchratings.com; Baum, Shirley A
Subject: RE: Maricopa 2009 B Series Bonds

Good morning Daniel,

Please call Trudy Zibit (Managing Director, Municipal Structured Finance) at 1-212-908-0689 regarding the L.O.C. enhancement of the Maricopa 2009B bonds. She will be expecting your call around noon eastern time. If you have any questions please call. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <glen.grabelsky@fitchratings.com>
Cc: <Daniel.Neama@fitchratings.com>, <Shirley.Baum@pinnaclewest.com>
Date: 05/18/2012 04:00 PM
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Glen,

Is it possible for us to have a conversation with them today? Our time frame for needing the rating is very short so to the extent they need any documentation from us I'd like to get it to them sooner than later.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3318
Fax: 602-250-5640

-----Original Message-----

From: glen.grabelsky@fitchratings.com [mailto:glen.grabelsky@fitchratings.com]
Sent: Friday, May 18, 2012 12:45 PM
To: Sarti, Daniel
Cc: Daniel.Neama@fitchratings.com
Subject: Maricopa 2009 B Series Bonds

Dan: Please refer to the attached criteria report, specifically pg 2 "What the Ratings Mean".

I believe this bond issuance would fall under that criteria, However, the criteria is part of the municipal finance group and we do not work with this criteria regularly.

We expect to hear back from our colleagues no later than Monday.

(See attached file: VRDO.Guidelines.pdf)

Glen Grabelsky
Managing Director
Utilities Power & Gas
Fitch Ratings
212-908-0577

[REDACTED]

[REDACTED]

[REDACTED]

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Monday, May 21, 2012 11:06 AM
To: Sarti, Daniel
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Dan,
That timing should work.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:55 PM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Dan, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance

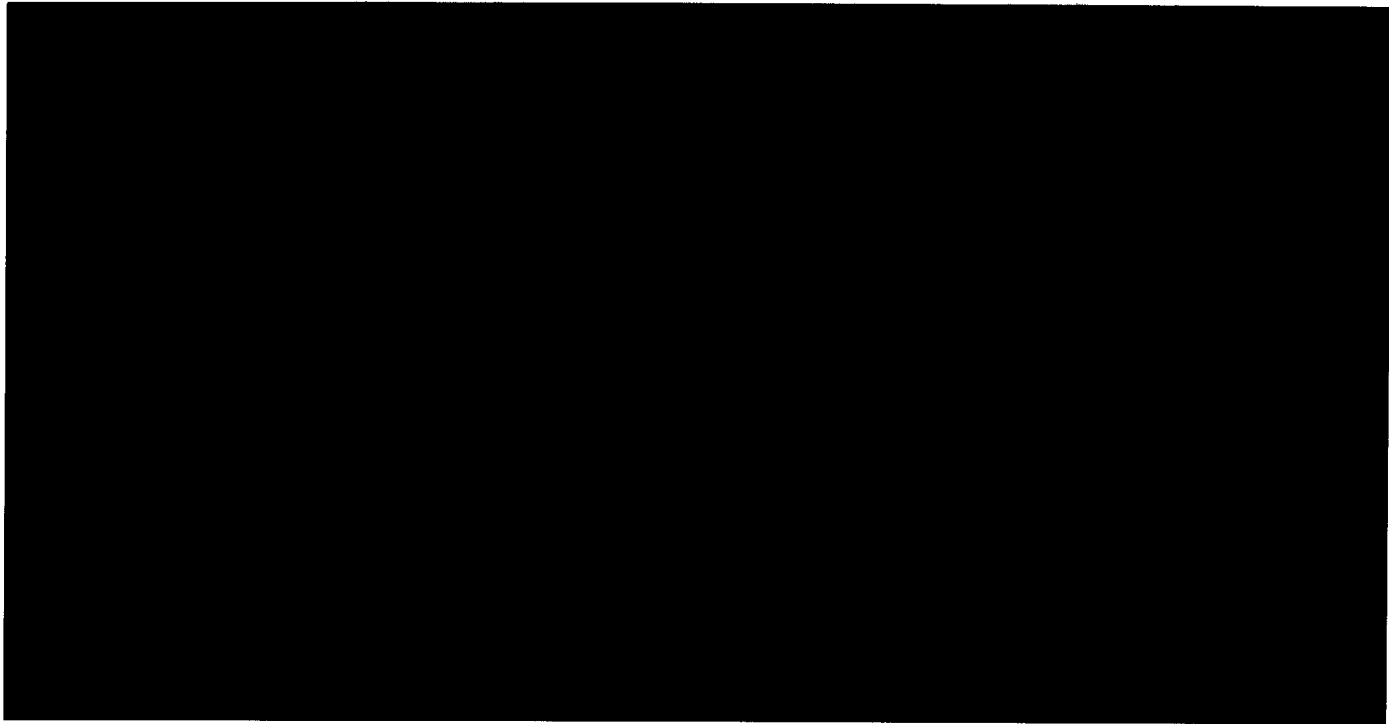
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

██████████ ---





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:24 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 11:07 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Great. Thank you!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Monday, May 21, 2012 11:06 AM
To: Sarti, Daniel
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Dan,
That timing should work.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:55 PM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

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Fax: 602-250-5640

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Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

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Dan Sarti
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Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
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To: Moss, Mitchell
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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

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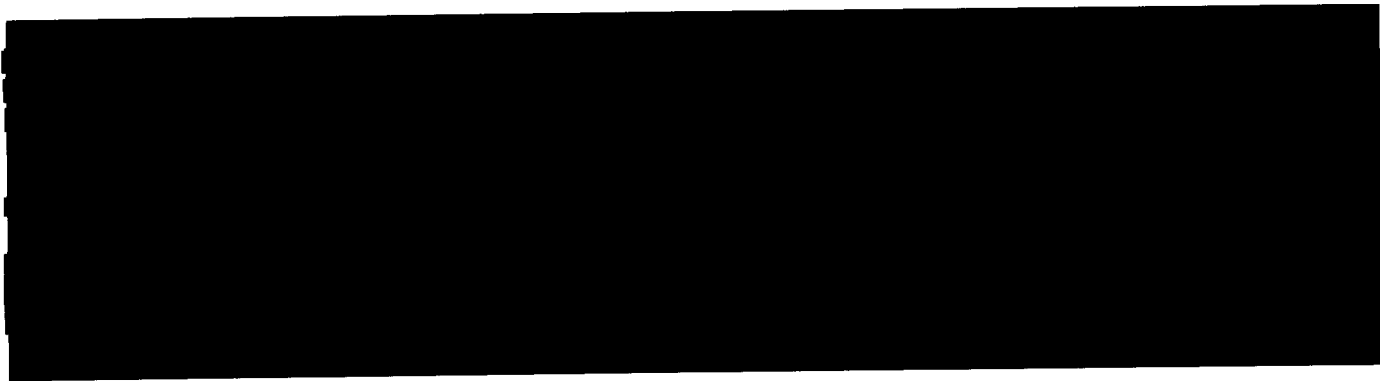
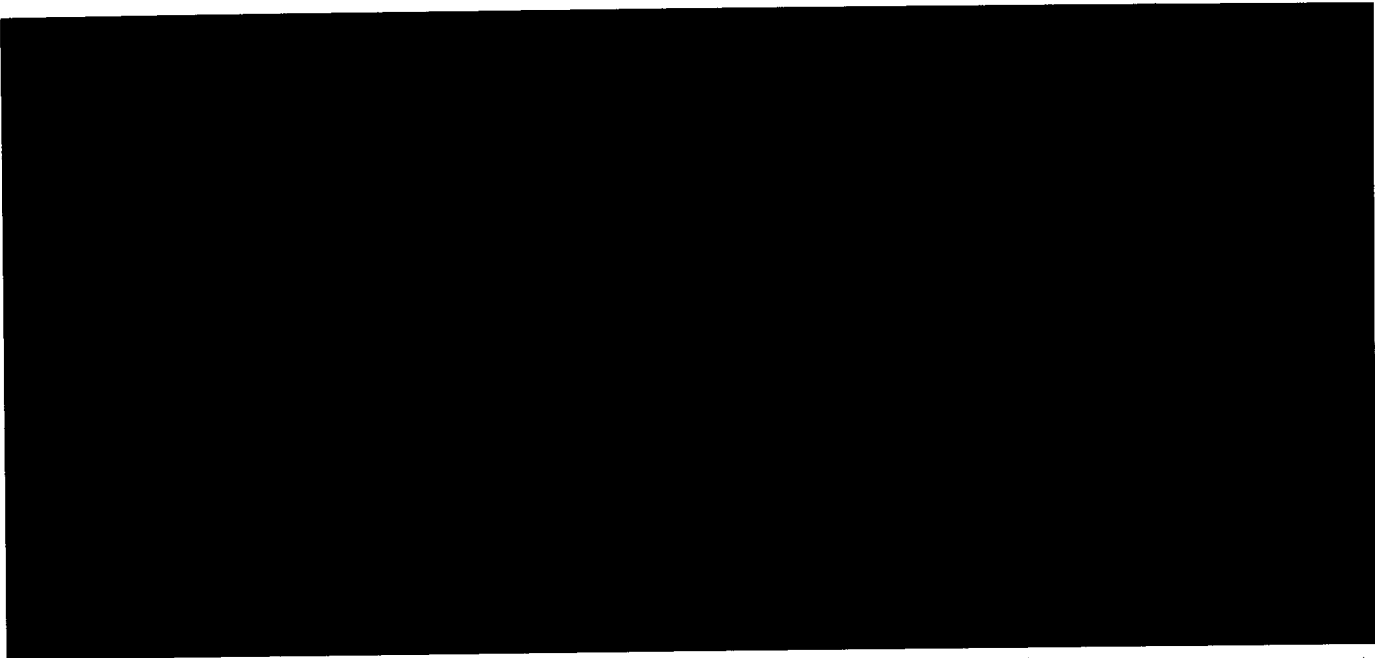
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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>

--- NOTICE ---



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009B Credit Rating

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Monday, May 21, 2012 12:08 PM
To: Sarti, Daniel
Subject: Re: Maricopa 2009B Credit Rating

Thank you Daniel. I will begin my review and let you know if there is anything else I require for the rating process. Kind regards, Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <nicole.wood@fitchratings.com>
Cc: <trudy.zibit@fitchratings.com>
Date: 05/21/2012 01:33 PM
Subject: Maricopa 2009B Credit Rating

Hi Nicole,

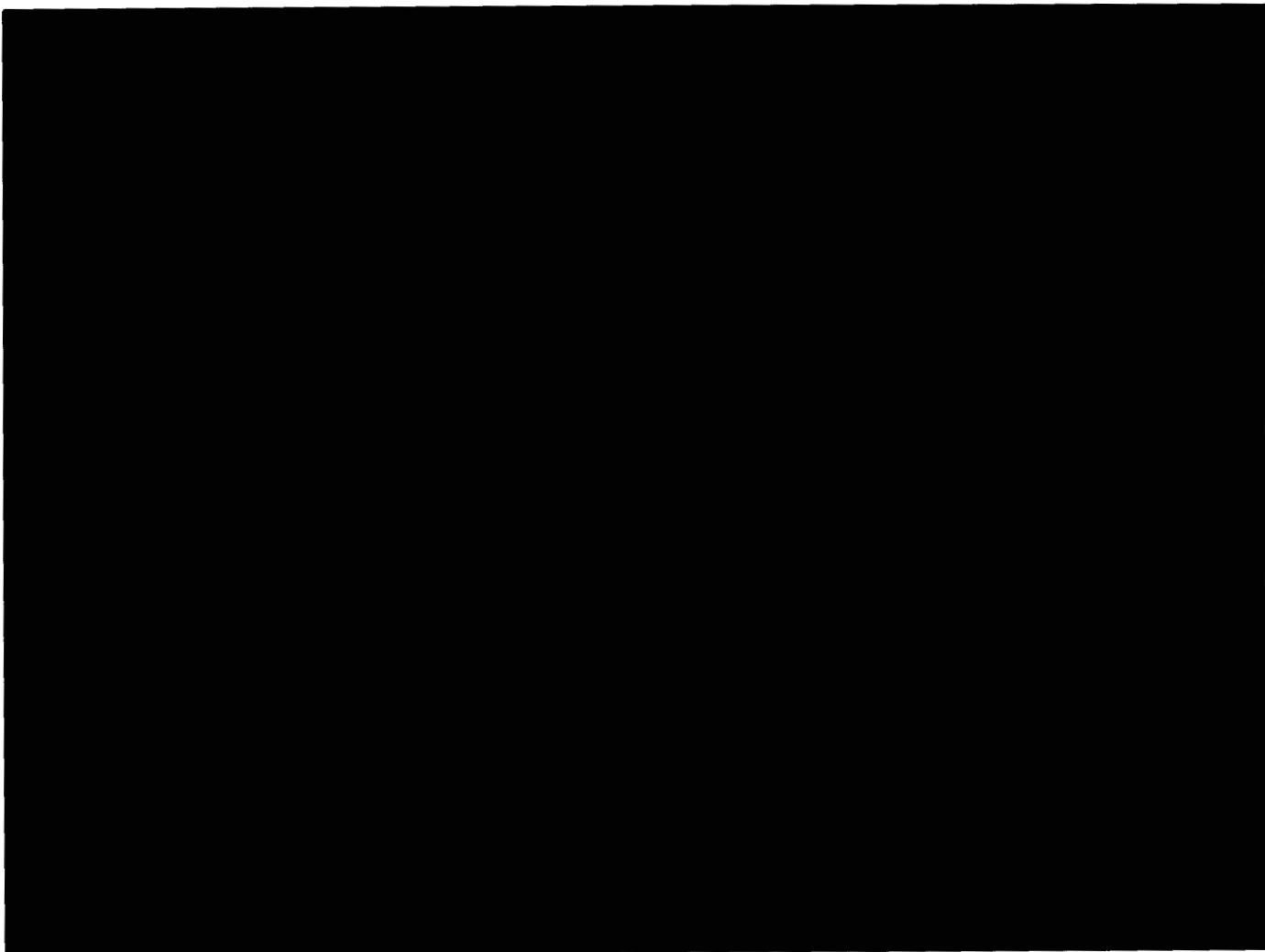
Per a conversation with Trudy Zibit, I am forwarding you the documents required for the rating of the Arizona Public Service pollution control bond series Maricopa 2009B. These bonds will be remarketed in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

Let me know if there is any further documentation required to get started on the rating. We will have a letter from our Trustee sent shortly. Thanks for your expedited attention.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release
Attachments: PNW_APS_PR_5.21.2012.pdf

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:53 PM
To: 'Daniel.Neama@fitchratings.com'; Nickloy, Lee R
Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

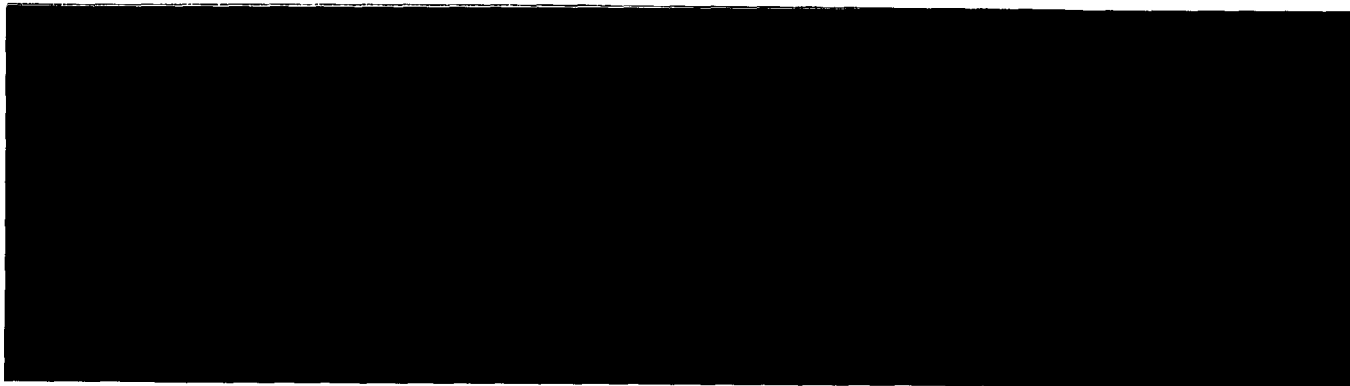
Dan

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:55 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

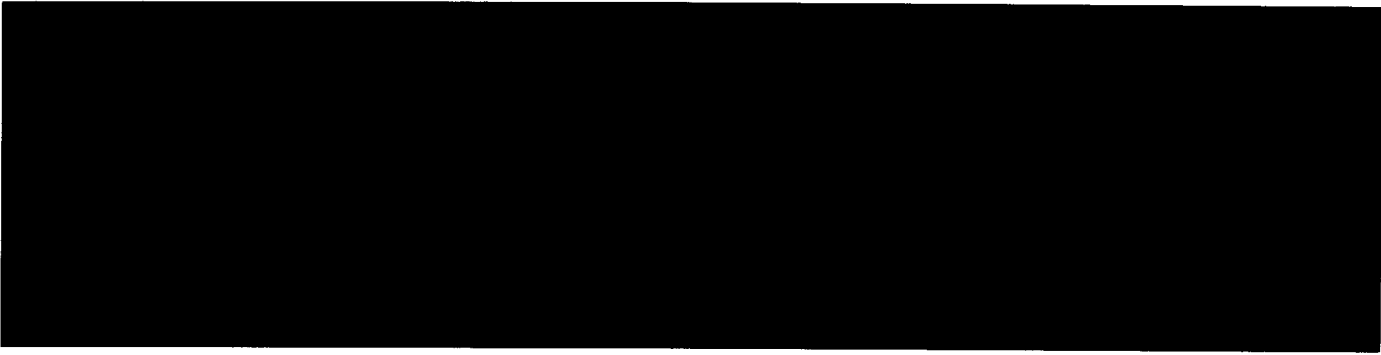
Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>

[REDACTED]

[REDACTED]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:24 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:32 PM
To: 'Ferguson, Michael'
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

We have the Preliminary Reoffering Circular which I sent you but the "Final" won't be available until we price which is slated for the 24th. As soon as we price, we'll drop in the pricing information into the document and then circulate the final version. I assume you don't need that now for purposes of the rating letter?

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

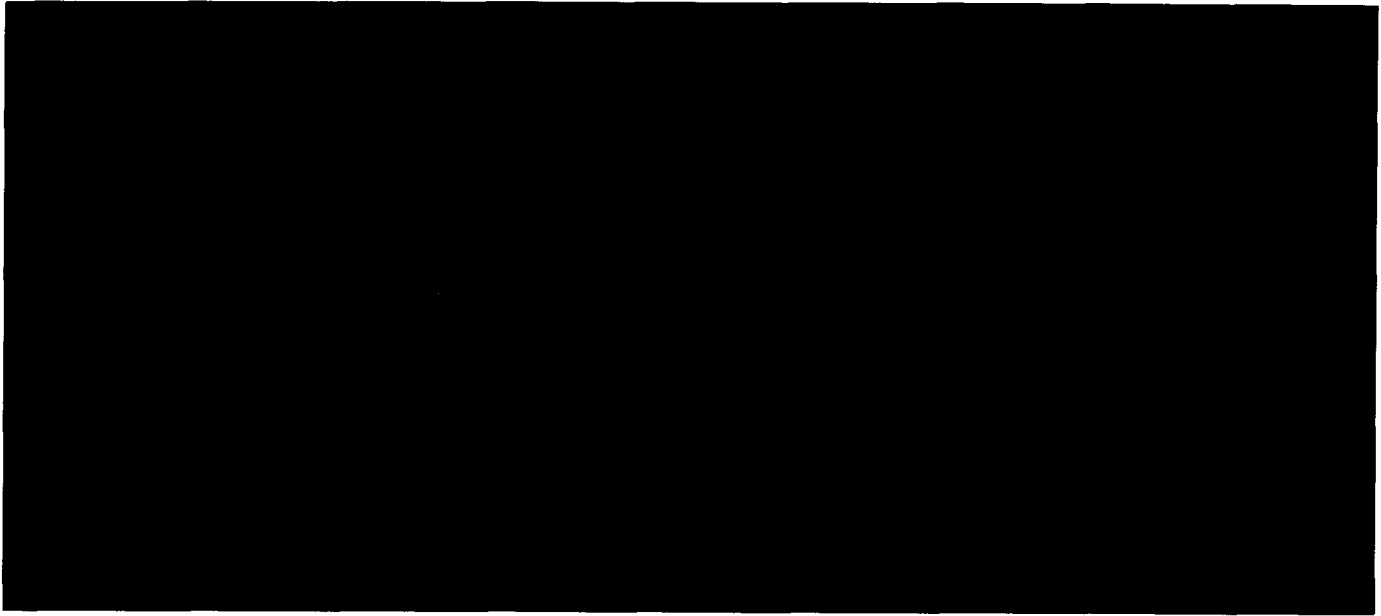
We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:48 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Sorry for the delay. I was out of the office part of the afternoon. Attached is the Indenture you requested. Remarketing Agreement to follow when available.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC" Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

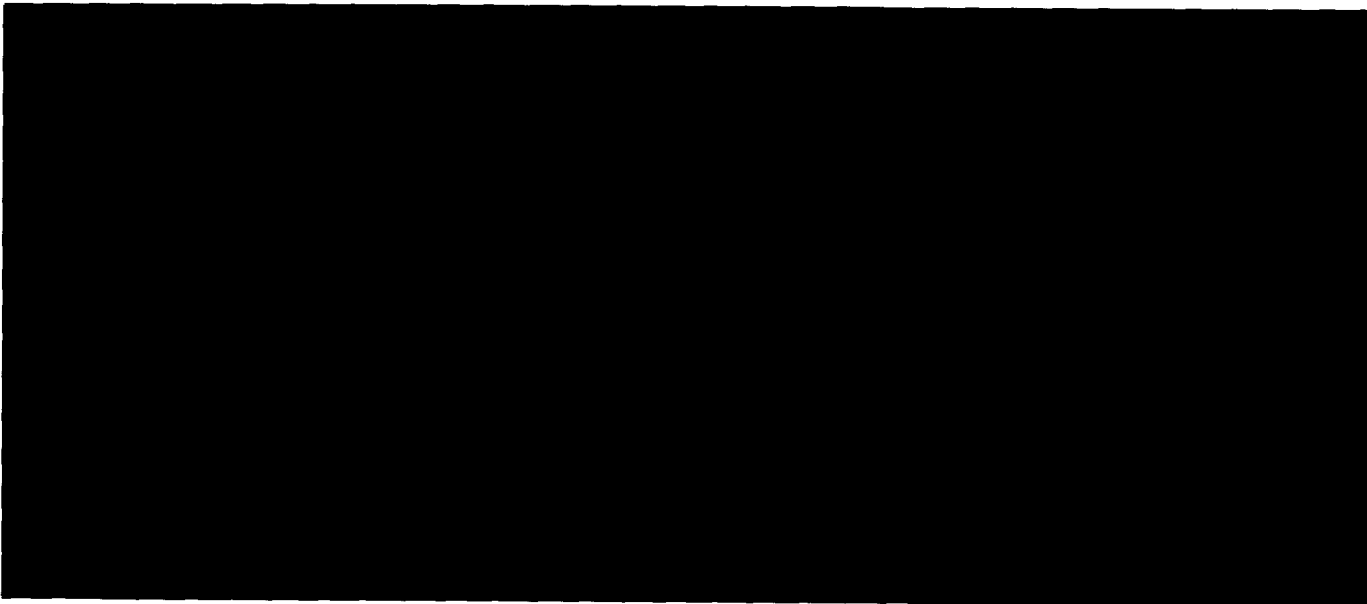
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:51 PM
To: 'emily.korot@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Emily,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Thursday, May 17, 2012 2:21 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Will do. Thanks Tara.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 11:45 AM
To: Sarti, Daniel
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Emily will be the analyst for this transaction, Please add her to the distribution list.

Emily Korot

Analyst
Public Finance Group
Municipal Supported Products
212.553.3806 tel
212.298.6530 fax
emily.korot@moody.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moody.com

** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:00 PM
To: Mangaroo, Chetara
Cc: Moss, Mitchell; Shirley.Baum@pinnaclewest.com
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Here are the remaining documents you requested. Let me know if there is anything else you need.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'

Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

I've attached the Indenture to this email and will follow with the other documents shortly.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Wednesday, May 16, 2012 11:03 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, The Distribution list will be a list of the parties involved (Issuer, Borrower, Bond Counsel, Financial Advisors, Trustee, Underwriter) and the Financing Schedule are the key dates or timeline of events such as a printing, closing & anticipated rating date would be very helpful.

Thanks

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.

From: Mangaroo, Chetara
Sent: Wednesday, May 16, 2012 1:53 PM
To: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell, I received your VM.

In order to assign an analyst I will need the (Trust Indenture, Financing Schedule & Distribution List).

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

**** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.**

From: Moss, Mitchell
Sent: Wednesday, May 16, 2012 1:48 PM
To: Mangaroo, Chetara
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

Chetara,
Second of the two emails.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 15, 2012 1:37 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Dan Sart

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:05 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Dan Sart

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:36 PM
To: 'mitchell.moss@moodys.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

I wanted to let you know that APS plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

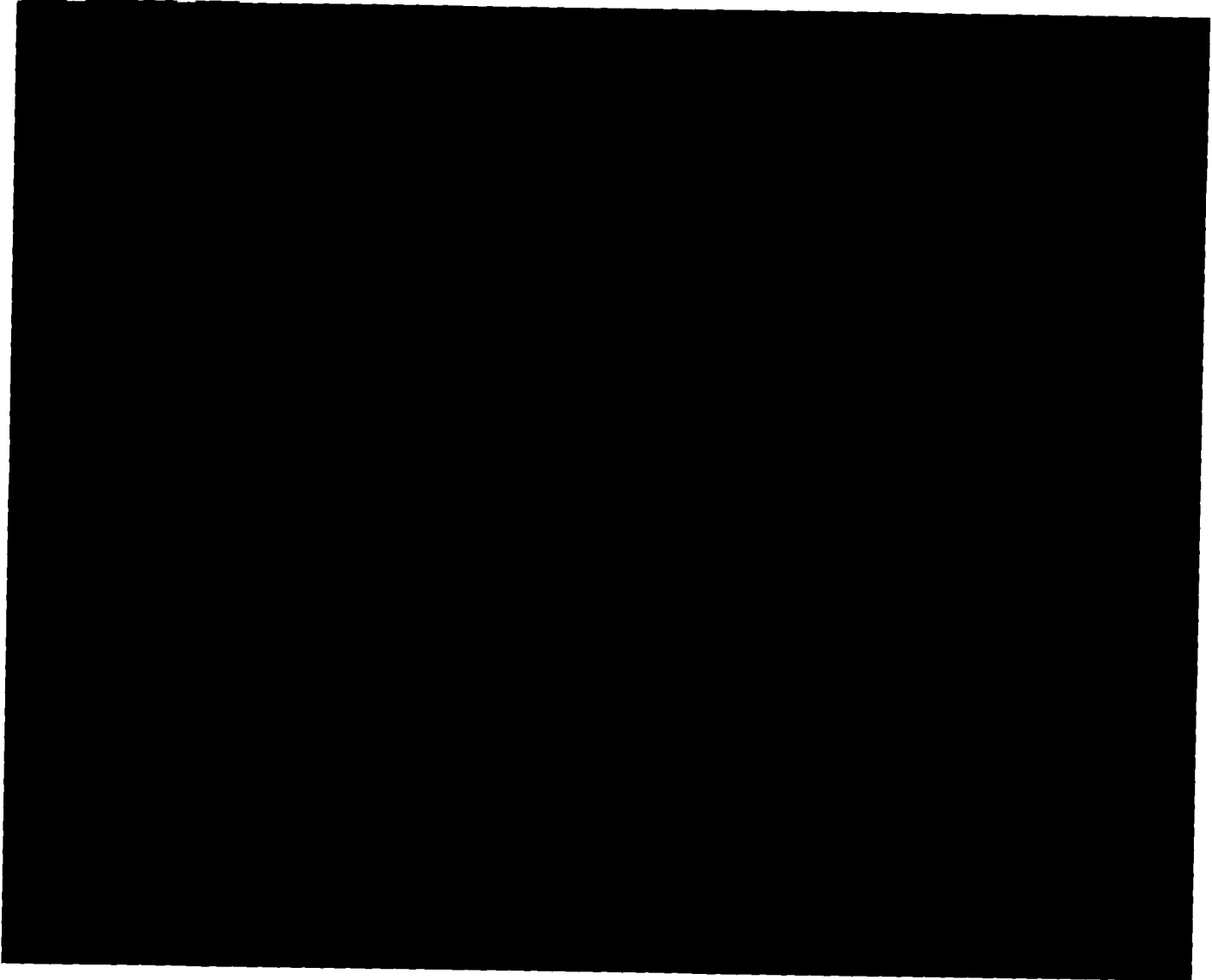
6/28/2011

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:55 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 22, 2012 5:04 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

That's correct, just wanted to see when it might be available. We can do the rating letter before that; just send it over when it's ready.

Regards,

Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:32 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

We have the Preliminary Reoffering Circular which I sent you but the "Final" won't be available until we price which is slated for the 24th. As soon as we price, we'll drop in the pricing information into the document and then circulate the final version. I assume you don't need that now for purposes of the rating letter?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release
Attachments: PNW_APS_5.21.2012.pdf

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Tuesday, May 22, 2012 6:21 AM
To: Sarti, Daniel
Subject: RE: PNW and APS Press Release

Good morning,

My apologies. That was an old version. See attached.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>, <Lee.Nickloy@PinnacleWest.com>
Date: 05/21/2012 06:52 PM
Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

Dan

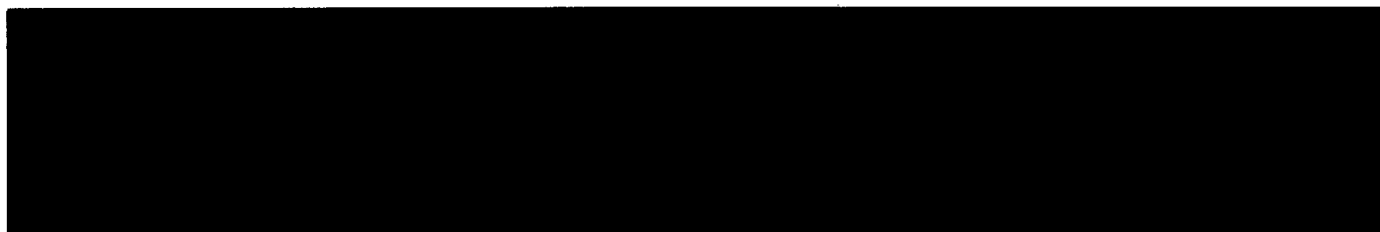
From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Monday, May 21, 2012 3:46 PM

To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



[REDACTED]

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 6:24 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hey Dan,

I am still looking over the documents today and had planned to take the transaction to committee either later this afternoon or tomorrow. I believe in your earlier emails, you asked for feedback by tomorrow (May 23rd), correct?

Also, as we discussed over the phone last week, we won't be able to provide a rating letter until the actual transaction closes (or the night before). However, I can send you an email with any follow-up items from committee or stating that committee had no further questions and the rating recommendation was to have the short-term and long-term ratings on the bonds reflect the ratings of the LOC Bank.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:48 PM
To: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Sorry for the delay. I was out of the office part of the afternoon. Attached is the Indenture you requested. Remarketing Agreement to follow when available.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
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From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

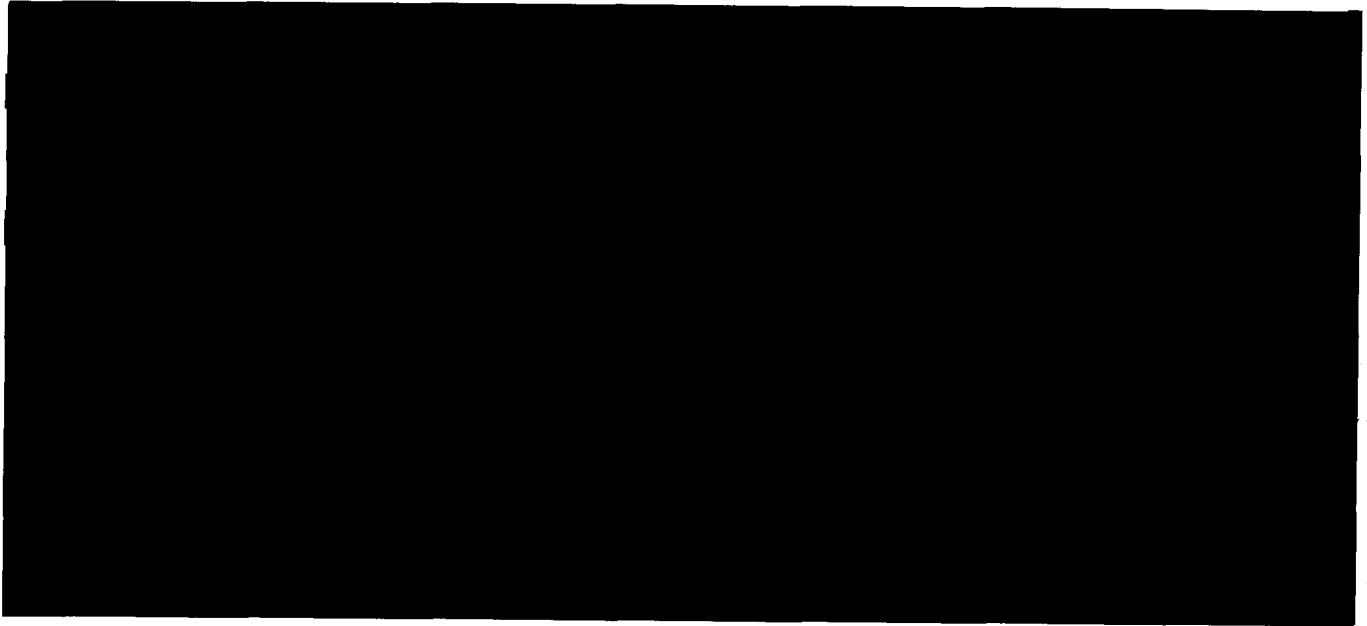
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 9:55 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Dan,

My apologies. It looks like my committee is going to be pushed to 10AM on Thursday. That said, I scheduled time with some of the more senior LOC analysts tomorrow so that I can get you as much feedback as possible before close of business. I just won't be able to give you the official committee "ok" until about 10:30-11AM (NY time) on Thursday.

Sorry about that,
Tobin

Tobin Joseph
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212-438-4960 tel

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:48 PM
To: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

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Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
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From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

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Thanks,
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Tobin Joseph
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55 Water Street, 41st Fl
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consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

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Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

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Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

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If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

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Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
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To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

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While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
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Dolyniuk, Karen E

From: Sarti, Daniel
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To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
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To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Thanks for the feedback. That timing works for us.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 9:55 AM
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Sorry about that,
Tobin

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
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From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
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Carla

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM

To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Nickloy, Lee R
Sent: Tuesday, May 22, 2012 11:31 AM
To: 'mitchell.moss@moodys.com'
Subject: Re: Electric rate changes

Mitchell,

We are working on it now. Sorry for the delay, just trying to communicate what we need done back to the group in Phoenix.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:27 AM
To: Nickloy, Lee R
Subject: Electric rate changes

Lee,
Any chance you can get me the table of expected rate changes today?

Thanks,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:28 AM
To: Nickloy, Lee R
Subject: Electric rate changes

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Any chance you can get me the table of expected rate changes today?

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250 Greenwich Street
New York, NY 10007

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:32 AM
To: Nickloy, Lee R
Subject: RE: Electric rate changes

Thanks Lee. I was not sure if I was clear during our brief conversation yesterday late afternoon.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 22, 2012 2:31 PM
To: Moss, Mitchell
Subject: Re: Electric rate changes

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